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## Airbus Snatches a Boeing Client

**With \$11 Billion Order, British Airways Signals a European Focus**

By Joseph Fitchett  
International Herald Tribune

**PARIS** — The decision by British Airways to start buying passenger jetliners from Airbus Industrie adds to the woes of Boeing Co. and signals growing sophistication in Britain's industrial dealings with its European neighbors, analysts said Tuesday.

BA's order — for as many as 188 short-haul planes worth a total of \$11 billion — ended a situation in which it was the only airline in Europe that had never bought from Airbus, even though a British company, British Aerospace, is a partner in the European consortium.

Soundings an unusually strong pro-European note, Prime Minister Tony Blair predicted that Airbus would overtake Boeing in the airline market.

"We look forward to the day when Airbus is the number one producer of civil aircraft in the world," he said. Mr. Blair also linked the Airbus purchase to prospects for a combined European effort to build combat aircraft, an industry where British Aerospace seeks to play a leading role.

The sale, beyond the symbolism of breaking Boeing's monopoly position with the biggest European airline, gives Airbus a major lift in the most buoyant part of the market. Medium-range routes, typically flights between European cities, are opening up quickly under the impact of deregulation in Europe.

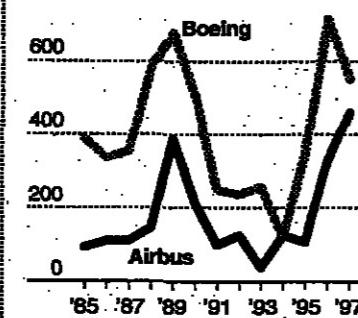
"This was a zero-sum face-off, so it's all good for Airbus and, frankly, all bad for Boeing," said a U.S. aerospace consultant who asked not to be named.

The British Airways order was nearly twice as big as initially expected, and Boeing was beaten in an earlier Euro-

### In a Dogfight

While Boeing continues to be the No. 1 supplier of commercial airplanes worldwide, Airbus Industrie, the No. 2 maker, has made significant inroads into the market in recent years. In 1998, Airbus has announced orders for 380 planes to Boeing's 370.

#### 800 AIRPLANE ORDERS



Sources: Jet Information Services Inc., Company reports.

NYT

pean competition when its candidate, an expensively updated 737, lost out to Airbus in a deal this year with Iberia, the Spanish airline.

For Boeing, there is a risk of being shut out of a booming European market at a time when the U.S. company has been hit hard by the economic woes in Asia, home to most customers for its long-haul 747 wide-body jet and its more recent long-range airliner, the 777.

Underscoring its political dimensions, the British deal was announced Tuesday

at Airbus headquarters in Toulouse, France, in a ceremony given unusual salience by the presence of Mr. Blair.

Mr. Blair linked Airbus's "strategic vision" to improving prospects for European cooperation in defense industries, especially combat aircraft. British Aerospace, Europe's strongest manufacturer in this area, has been discussing cross-border mergers with German and French companies, and its hand could be strengthened by signs of a new British commitment to European industrial unity.

For the wider British public, the image of the prime minister speaking from a European company in the center of France carried a more down-to-earth message. Airbus supplies jobs for 38,000 British workers, officials said, counting the jobs at Rolls-Royce, which won a separate contract for the engines in this order.

Boeing, clearly sensitive to any suggestion that Airbus offers a way to "buy European," said Tuesday that it would funnel nearly \$1.5 billion worth of business through its roughly 400 European subcontractors over the next five years.

But the British Airways decision is a sharp blow to Boeing after a string of setbacks, including a long strike and teething troubles with new models. Dominant in the overall airliner market, Boeing faces an uphill battle in competition over narrow-body jets, which recently have accounted for three-quarters of airliner sales — with Airbus ahead this year.

Still the largest supplier to British Airways, Boeing was awarded a contract Tuesday for 16 long-haul 777's, with

See AIRBUS, Page 15



In handcuffs, Lim Guan Eng, a political critic in Malaysia, parting with his family before being led off to jail after conviction for sedition.

## Top Opposition Figure Imprisoned in Malaysia

### 18-Month Sentence for Sedition Is Upheld

By Thomas Fuller  
International Herald Tribune

opposition figure, from the political scene at a time when analysts expect elections to be called soon.

KUALA LUMPUR — Malaysia's highest court upheld on Tuesday the conviction of one of the country's most prominent opposition politicians on sedition charges, sending him to prison.

Lim Guan Eng, deputy secretary-general of the Democratic Action Party, the country's main opposition party, was taken in handcuffs to prison, where he is to serve 18 months for printing and distributing a political pamphlet.

He is the first sitting member of Parliament in Malaysia to be jailed. The court's decision removes Mr. Lim, a highly respected and articulate

See MALAYSIA, Page 4

## New Frenzy In Russia as Ruble Sinks Another 9%

### 3 Top Banks to Merge As Currency's Drop Raises the Pressure

By David Hoffman  
Washington Post Service

MOSCOW — The ruble tumbled 9 percent against the dollar on Tuesday, the steepest one-day drop in four years, aggravating the Russian financial crisis and unleashing a new frenzy of currency and price instability.

A week after the Russian government and the central bank effectively devalued the currency, the ruble plunged in trading on the Moscow Interbank Currency Exchange, which was abruptly shut down after the decline. The ruble opened at 7.14 to the dollar and closed at 7.86.

But in unofficial trading among banks, rates were higher, in some cases 9 rubles per dollar. A prominent economist, Andrei Illarionov, said it could soon hit 15 to the dollar, despite the central bank's vow to set a limit of 9.5 rubles per dollar by the end of the year.

The drop was the most severe since the Oct. 11, 1994, collapse known as Black Tuesday, when the ruble fell 24 percent against the dollar, according to the Interfax news agency.

Amid continuing fears about the banking system, three of Russia's leading tycoons announced plans to merge their banks. All three banks — Uneximbank, AO Bank Menatep and MOST Bank — are at the core of powerful financial-industrial groups that grew up after the collapse of the Soviet Union.

[Also on Tuesday, the newly appointed prime minister, Viktor Chernomyrdin, provided the first details of government plans to revive the moribund debt market. He said \$40 billion of frozen domestic government debt would be repaid over three to five years. Agence France-Presse quoted Interfax as reporting.

[The delay of debt payments, announced Aug. 17, had sent stock markets plunging as investors dumped

See RUSSIA, Page 15

## AGENDA

### European Insurers Sign Holocaust Accord

European insurance companies signed an agreement Tuesday to resolve the unpaid Nazi-era policies of Holocaust victims, although attorneys for some survivors remain opposed to it, a member of the negotiating team said.

The agreement — which is independent of pending class-action lawsuits —

was negotiated by the World Jewish Congress, the National Association of Insurance Commissioners and European insurance companies.

The memorandum of understanding establishes an international commission that would take steps to resolve claims and determine liability. Page 4

### Libya Will Respond

TUNIS (Reuters) — Libya will respond officially on Wednesday to a U.S. and British plan for a trial in The Hague of two Libyans accused of bombing Pan Am 103 over Lockerbie, Scotland, in 1988, killing 270 people, state-run television monitored in Tunis said Tuesday.

The Dollar		
New York	Tuesday 8:45 P.M.	previous close
DIM	1.8005	1.7963
Yen	144.315	143.78
FF	6.0345	6.0175
Pound	1.6395	1.6403
Dollars per pound		
The Dow		
	Tuesday close	percent change
+ 36.04	8,602.65	+ 0.42%
	S & P 500	
	4.67	1,092.81 + 0.43%
	Nasdaq	
+ 7.06	1,797.88 + 0.38%	
The Intermarket		
Pages 10, 15.		
The IHT on-line www.iht.com		

## Iraq Tied to Chemical Plant in Sudan

New York Times Service  
This article was reported by Barbara Crossette, Judith Miller, Steven Lee Myers and Tim Weiner and was written by Mr. Myers.

WASHINGTON — The United States believed that senior Iraqi scientists were helping to produce elements of the nerve agent VX at a factory in Sudan that American cruise missiles destroyed last week, according to administration and intelligence officials.

The evidence the administration has cited as justification for the attack consisted of a soil sample secretly obtained months ago outside the pharmaceutical factory, the Shifa Pharmaceutical Industries, the officials said. Officially the administration has refused to describe

its evidence in any detail or to say how it was obtained.

The sample contained a rare chemical that would require two more complex steps to be turned into VX, one of the deadliest nerve agents in existence, and the —chemical—whose acronym is EMPTA, has no industrial uses. The United Nations and the United States have long agreed that Iraq is extremely skilled at many kinds of VX production, having worked for years to perfect the best process.

The officials, who refused to be identified, also said there was evidence that senior Iraqi scientists had aided the efforts to make VX at that factory and at another plant a couple of miles away.

The connection with Iraq emerged as

a key part of the administration's argument why it was justified in launching cruise missiles at a plant in another country without any warning.

The officials disclosed the information, four days after the American strike, to try to counter claims by the Sudanese government that the factory, situated in an industrial area of Khartoum, was purely a benign commercial venture that produced half of Sudan's medicines.

The United States, however, rebuffed calls from Sudan and other countries to turn over its evidence.

The UN Security Council on Monday put off a request by Arab nations — submitted by one of the United States' closest Arab allies, Kuwait — to send inspectors to search the rubble in Khartoum for signs of chemicals related to VX.

"I don't see what the purpose of a fact-finding study would be," Peter Burleigh, the deputy American representative to the United Nations, said after the meeting. "We have credible information that fully justifies the strike we made on that one facility in Khartoum."

At a news conference in Khartoum, the Sudanese president, Omar Hassan Ahmad Bashir, kept up his sharp attacks on the United States and President Bill Clinton, saying that Mr. Clinton ordered the attack to cover up the furor over his relationship with Monica Lewinsky.

Mr. Clinton and his senior aides have described the evidence linking the fac-

See VX, Page 8

May, has left Pakistan unsettled and on the verge of defaulting on its foreign debt. The imploding economy is helping to push members of a precarious middle class away from the two main political parties and toward radical Islamic groups, which advocate a repudiation of Pakistan's foreign debt and the establishment of an Iranian-style theocracy.

"The people of this country are fed up with the two parties, and they are looking for a third option," said Zafar Khan, who sells gun belts and leather goods at a bazaar here. "That could be the religious parties."

That prospect is deeply troubling to U.S. leaders, who have led the effort to isolate Pakistan's economy since the nuclear tests and whose missile strikes on Afghanistan across Pakistani territory exposed Mr. Sharif to virulent political criticism. They are concerned that a Pakistan in turmoil would be less able to control its nuclear technology and more likely to sell it to other countries.

The deputy secretary of state, Strobe Talbott, and top Pakistani officials met Tuesday in London in an effort to resolve the nuclear issues and allow for a lifting of U.S. sanctions.

Across Pakistan, the economic news worsens by the day. Since the nuclear tests in May, the prices of such basic goods as food and gasoline have shot up by as much as 25 percent. The Karachi Stock Exchange had lost 40 percent of its value before Thursday — and it dropped again after the missile strikes.

The rupee, Pakistan's currency, has lost 30 percent of its value against the dollar.

Hard-currency reserves have fallen so low that Foreign Minister Sartaj Aziz has warned that Pakistan may be unable to continue servicing its \$30 billion foreign debt.

Business leaders say the nuclear tests coupled with the U.S. sanctions — punctured confidence.

The U.S. sanctions prompted international agencies such as the International Monetary Fund and World Bank to suspend the flow of money that has long propped up Pakistan's economy.

"No one envisioned what would happen after the nuclear tests," said Nadeem

move, the country's mood has changed. Nigeria's raucous, civilian politics of rival regions and ethnic groups has been revived, although analysts say the brutality and ruin of General Abacha's rule seem, for now, to have focused politicians on the need for compromise to avoid the tensions and instability that generals have cited in the past as reasons for seizing power.

General Abubakar has swept aside the authoritarian strictures of his predecessor, General Sani Abacha, and begun preparing elections for next year. While Nigerians and foreign analysts say

generals remain that some in the military could try to reverse General Abubakar's

detention of their main political leader and hope for power, Moshood Abiola.

But since General Abacha's death, General Abubakar has reassigned or forced the retirement of several military officers who were closest to General Abacha and repealed Abacha decrees banning independent political parties and some labor unions. He annulled the results of carefully managed elections held over the last three years and appointed an election commission headed by a respected former supreme court judge. Political contentiousness has shifted from the streets of Lagos and Ibadan to meeting rooms where civilian political leaders are scrambling to form parties.

General Abubakar "still looks very good," said a Western diplomat recently.

See NIGERIA, Page 4

## Nigerian Leader Sets Nation on the Democratic Path

By James Rupert  
Washington Post Service

LAGOS — Two months after General Abdulsalami Abubakar took over as military ruler of Africa's most populous country, he has rebuilt a hope that many Nigerians long ago had abandoned:

That the military officers who have ruled this nation for 28 of its 38 years of independence will finally, voluntarily fulfill their oft-broken promise to hand power back to a freely elected government.

General Abubakar has swept aside the authoritarian strictures of his predecessor, General Sani Abacha, and begun preparing elections for next year. While Nigerians and foreign analysts say

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that generals have cited in the past as

reasons for seizing power.

**The Celebrity Saint/ Poetry, Music, Feminism and Herbal Remedies****12th Century Nun Captivates Today's Culture**By John Schmid  
*International Herald Tribune*

**M**AINEZ, Germany — After nearly a millennium of relative obscurity, a medieval German nun has been born again into a state of celebrity sainthood.

Entire industries have grown out of the renaissance in the popularity of St. Hildegard von Bingen, a Benedictine abbess, writer, composer and holistic healer who seems to turn up practically everywhere this year, from Cologne to New York, exactly 900 years after she was born.

In concert with a full year of international birth-day commemorations, some of St. Hildegard's two dozen pieces of choral music, now on compact discs, top some music charts.

A brisk Rhineval tourist trade thrives in her honor, with one glossy brochure urging pilgrims to "tour Hildegard's historical sites by motorcycle."

A chic publishing boom has filled some European bookstores with reissues of her imaginative poetry and mystical philosophy along with shelves of cookbooks and calendars and an estimated 1,000 other new titles that range from theological scholarship to mass-market paperbacks like "Hildegard in a Nutshell."

Today's followers of St. Hildegard cannot seem to get enough of the "prophetissa teutonica," as one early admirer called her in 1206.

In what some call Hildegard health care, mainstream pharmacies in German-speaking Europe carry several brands of herbal remedies under her name that are meant to treat everything from heart disease to migraines. One firm alone, Jura KG, claims to distribute its products in 10,000 outlets.

Fans munch St. Hildegard's whole-meal cakes, biscuits and dumplings made from the grainy *dinkel* flour that she recommended. New Age adherents give symposiums on her advice for using crystals.

Southern Germany boasts a Hildegard health spa.

In a German election year, politicians have joined bishops in holding speeches in St. Hildegard's honor. Ministers in Bonn have issued a Hildegard postage stamp (often sold out) and commemorative coins.

As a female founder of monasteries and a rebel in a male-dominated church, she is also venerated by some women for her distinctly feminist theology.

Devotees of Bacchus also admire St. Hildegard, who wrote in one of her medical texts, *Causae et Curae* — or Causes and Cures — that "a wine that is pure cleanses the blood of its drinker." In this Hildegard year, that advice has spawned Hildegard wine-tasting seminars. At least three different brands of Rhine wine are sold under her name.

**S**HE EVEN rocks. Angel Records in New York, a division of EMI Records, produced an electronically synthesized version of her canticles, or liturgical songs. After selling more than 300,000 and topping the Billboard list for "crossover" productions — a ranking of popular classical music — Angel last year released a sequel called *Vision II*.

"What is Hildegard doing at the disco?" asked one German magazine incredulously.

Like other celebrities, she is frequently in the newspapers. Culture commentators and religion writers have been scratching their heads in wonder at the popular abbess.

She is being revered, commercialized and exploited as never before, according to the Frankfurter Allgemeine Zeitung.

St. Hildegard was born in 1098, but because her exact date of birth was not recorded, the entire year has been opened to a windfall of commemorations.

Ahead of her feast day on Sept. 17, pilgrims arrive daily — sometimes 20 buses a day — to visit St. Hildegard's Abbey in Eibingen on the Rhine, one of two 12th century monasteries she founded, said Sister Philippa, a nun at Eibingen. Many visitors come from the United States.

The Pope will send an ambassador to the annual



John Schmid/International Herald Tribune

**Sister Jacintha, in a gift shop of a convent in Bingen, Germany, holding some of the Hildegard merchandise: a Hildegard CD and book. What is Hildegard doing at the disco? asked a German magazine. She is being revered, commercialized and exploited, said the Frankfurter Allgemeine Zeitung.**

Eibingen procession and mass on her feast day. Despite St. Hildegard's powers of prophecy, which Pope Eugenius III confirmed as authentic in 1148, it is unlikely she expected this sort of afterlife.

"When she was alive, she was not a pop icon by any means," said Benjamin Bagby, a co-founder of Sequentia, a Cologne-based choral group that specializes in early music and has been credited with St. Hildegard's revival.

To rescue her from becoming a Benedictine Elvis — as one newspaper commented — serious scholars and musicians like Mr. Bagby have countered with hundreds of symposiums, lectures, concerts and exhaustively researched museum exhibits.

In the United States, the giddy sense of celebration is apparently shared.

"Just about every Catholic college in the country is doing something to honor her," said a Northwestern University professor, Barbara Newman, who has translated St. Hildegard's poetry and ranks as one of the leading U.S. experts on St. Hildegard.

New York's Lincoln Center has just performed her works to sold-out audiences. Grace Cathedral in San Francisco is leading a pilgrimage to Germany in time for her feast day.

Scholars come up with several reasons why the life and works of a cloistered nun can loom so large across nine centuries. Perhaps the most conspicuous stems from St. Hildegard's decision to situate her convents in what is now some of the most heavily touristed byways in Germany.

The Eibingen monastery sits in the vineyards a few hundred meters above the postcard town of Rudesheim, trampled by 2.5 million tourists a year and often described as kitchy.

Most come to drink and buy Rhine wine. It was only natural that the local chamber of commerce created a "1098-1998 Jubilee Year" logo to promote a profusion of "Experiencing Hildegard" tour packages.

Publishing houses also have driven her media resurgence. St. Hildegard resonates powerfully in an era when publishing trade groups report an unslacking demand for books and music with a spiritual or religious theme.

Riding the wave of New Age enthusiasm, many

Hildegard fans take from her what they want and do not bother to understand her in all her complexity, said Gabriele Lautensack, a member of the theological faculty at Wuerzburg University.

"She fits the slogan, 'Jesus yes, church no,'" she said.

St. Hildegard's life story also seems to fit Hollywood's dream machine. At least two movie scripts are in the works about her, said Paul Cremona, director of film and television projects in New York at Sony Classical Records.

Thanks to the monks in her first monastery, which she entered as a hermit at the age of 8, her monastic life has been well-documented. Revelations in the form of "burning" visions overpowered the frail and often sick girl. She called herself a "visio" or mystical seer.

**O**ver time, the charismatic abbess came to resent the domination of monks and was ready to found her own monastery, taking 20 sisters with her. The monks fought her, partly because her status anchored their fund-raising income.

The secession was the first of several feuds with a male-dominated church hierarchy that she won.

Today many of her fans discover her first through her music, which variously has been described as ethereal, mesmerizing, austere, complex and exotic.

Interest in her hymns had been dormant for about 800 years but has proliferated over the past decade onto some two dozen compact discs. Internet sites like [www.Hildegard.com](http://www.Hildegard.com) exist solely to sell her music, which includes 77 canticles and a passion play that ranks as Germany's first opera.

Mr. Bagby at Sequentia said that publishers have a wide range of interest in producing her music. "Some just want to make money," he said.

"The music industry," Mr. Bagby said, "saw they could make a lot of money selling something very simple and very spiritual. People who wanted to simplify their lives, like stressed-out business people, buy it."

Or, as Professor Newman put it, "Even a watered-down Hildegard has more to offer than much of our current pop culture."

**TRAVEL UPDATE****North Carolina Coast Braces for Hurricane**

See our  
Business Opportunities  
every Wednesday  
in The Intermarket

**Airline Rivals End Ticket Refunds**

**M**INNEAPOLIS (AP) — Northwest Airlines' competitors have made their top-priced tickets nonrefundable or some routes in an effort to prevent speculative booking by travelers afraid of being stranded by a strike.

Quietly last week, other major airlines made their normally flexible first-class and business-class tickets nonrefundable on routes in and out of Northwest's hubs — Minneapolis-St. Paul, Detroit and Memphis, Tennessee.

The airlines are concerned that a passenger holding a Northwest ticket might decide he or she needs backup protection and book another ticket on a competing carrier — just in case the pilots at Northwest go on strike Friday night.

New York City visitors came in record numbers last year. Travelers to the city numbered 33 million in 1997, up 3.9 million from 1996. There was a sharper increase in American visitors than in foreign visitors, who made up only about 20 percent of the total. American business travelers numbered 10.4 million, up 28 percent, while American vacationers totaled 16.5 million, up 8 percent. (NYT)

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GERMANY	DEM	182	120
GREAT BRITAIN	GBS	57	22
HONG KONG	HKG	263	200
ISRAEL	NIS	263	200
ITALY	ITL	145,600	55,000
JAPAN	YEN	25,000	12,500
KOREA	WON	195	130
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# Kabila Predicts Victory And Returns to Capital

## Rebels Say Outsiders Bomb Them on 2 Fronts

**Reuters**

**KINSHASA, Congo** — President Laurent Kabila predicted victory in the civil war in Congo as rebels fighting to topple him said Tuesday that Zimbabwean and Angolan warplanes were bombing them on two fronts.

Mr. Kabila returned to Kinshasa for the first time in more than a week as state radio announced a string of victories for the government and its foreign allies in the west.

"The result is certain. They will lose the war everywhere," Mr. Kabila told state radio and television at the airport in Kinshasa. "Victory belongs to the Congolese people."

The rebels' spokesman, Bizima Karaha, said his forces, which are some 50 kilometers (30 miles) southwest of Kinshasa, were facing a second day of intense attack by MiG fighter jets and helicopter gunships.

"Yesterday, our positions were heavily attacked by Angolan and Zimbabwean warplanes, and the result was that hundreds of people were killed — mainly men, women and children living in surrounding villages," Mr. Karaha said.

He said the foreign warplanes also carried out bombing raids Tuesday on Kisangani, a northeastern city that the rebels said they captured two days ago.

There was no independent confirmation of the government or rebel claims, but Angola and Zimbabwe have both sent troops to bolster Mr. Kabila against the Tutsi-led rebels.

Angolan army units continued to pour into the former Zaire and advance toward rear rebel positions south of Kinshasa. Congolese state radio said the Congo river port of Boma had been retaken from the rebels, sealing off their last line of retreat.

"On the western front, the war has taken a decisive turn with the capture by the Congolese armed forces and their allies of the military base at Kitona and the towns of Muanda, Banana and Boma," state radio said.

Officials and witnesses said Mr. Kabila, in power for just 15 months, returned to the third largest African nation, returned to Kinshasa after spending a week in his Katangese tribal stronghold of Lubumbashi.

His return was evidence of the growing confidence of his government as an alliance of Congolese, Zimbabwean and Angolan troops and warplanes halted and threatened to reverse previous gains by the rebel army southwest of the capital.

Mr. Kabila said the rebel alliance, which began its insurrection Aug. 2, had halted its advance on Kinshasa in response to a call by regional leaders at a summit meeting Sunday in South Africa for a cease-fire and troop standstill.

"The response we got to our standstill was a massive air raid," he said. "If the bombings do not stop, we reserve the right to take the war into Kinshasa."

In the commercial center of Kisangani, Mr. Karaha said Angolan and Zimbabwe planes were attacking at random. "There were no military objectives. All they are doing is sending planes and throwing bombs indiscriminately," he said.

Mr. Kabila, who overthrew Mobuto Sese Seko in May 1997 with the aid of Rwanda and Uganda, has accused those former allies of fomenting the three-week-old rebellion that is increasingly

threatening regional stability.

Both countries have denied taking part but have warned they might step in if the Zimbabwean and Angolan troops do not pull out.

Unconfirmed reports said Ugandan and Rwandan army units were preparing to intervene in the east, and the Congolese information minister, Didier Mumenga, said Monday that government forces were already banting Ugandan troops around Kisangani.

Uganda denied military involvement

but said it reserved the right to intervene if its security was threatened or if there was evidence of genocide in the Congo.



## ASIA/PACIFIC

# Intellectuals in China Hail Book on Reforms

## Essays Promote Merits of Political Debate

By Erik Eckholm  
New York Times Service

**BEIJING** — The publication here this month of a path-breaking book on political reform is stirring excitement among liberal intellectuals.

They hope that the book will encourage more open debate about the rule of law, freedom of information and the role of the Communist Party.

The book, titled "Political China: Facing the Era of Choosing a New Structure" (China Today Publishing House).

It brings together 39 recently published essays by 32 scholars, journalists, former government officials who were dismissed for their democratic sympathies, and even an adviser to President Jiang Zemin.

"This is the most comprehensive book devoted to political reform to be published in China since 1989," said one of the authors, Li Shuguang, a law professor at the University of Political Science and Law in Beijing.

While there was a brief flowering of debate on political change in the late 1980s, it was abruptly halted when troops smashed the Tiananmen Square pro-democracy demonstrations in 1989.

All the book's essays have appeared previously in Chinese journals and newspapers.

Scholars say they have felt a bit more free recently to discuss the political system so long as they do not challenge the Communist Party's primacy.

The essays represent a range of views on how deeply the system must change.

But together, they capture the discussions among more liberal thinkers who have begun to voice sharp questions about a system that even Communist Party leaders concede is riddled with corruption.

Yet, the book also reveals just how narrow the boundaries of permissible discourse here remain.

Not a single author dares to bring up multiparty politics or to call for the direct public election of national leaders.

In the book's preface, Jiang Ping, who was forced from the presidency of the University of Political Science and Law in 1989 because he failed to toe the party line about the crushed student movement, writes:

"Discussing political structural reform is not just an armchair strategy, but will build up psychological anticipation for the reform in society."

Surprisingly, the book was edited by two men with high-level jobs in major official newspapers: Dong Yuyu, a senior editor of Guangming Daily, and Shi Binghai, a senior editor with China Economic Times.

Liu Junling, a political scientist at the Chinese Academy of Social Sciences who wrote four of the essays, said in an interview that he hoped that the book would "create a general atmosphere in which people may widely discuss politi-

cal reform and possible democratization." Wary of provoking book on political censors, the publisher and editors have avoided active promotion.

But the first printing of 30,000 was unusually large for highbrow books here, and the volume is selling throughout the country.

One essay is by Wang Huning, an adviser to the president, and calls for greater separation of government and industry and measures to build the rule of law — all under the Communist Party's leadership.

The more searching essays explore the implications of limiting the reach of the party, creating a stronger legislature, the benefits of a free press and protection of civil rights.

But any suggestions for changing the basic system must be found by reading between the lines.

Mr. Liu calls for a constitutional guarantee of private property rights, part of a broader effort to restrict the role of government.

Xie Qingkui, a political scientist at Beijing University, asks why the country's much-venerated village elections should not be tried at the township and county levels.

The editors of "Political China," in a postscript to their book, said: "We hope the book will create ample room for discussions on reform."

"If the consequence runs counter to our expectation, it will not be the misfortune of just the editors."

### ■ China Jails a News Source

A Chinese court has jailed a dissident for seven years after he leaked news about a workers' protest to foreign journalists, a Hong Kong-based human rights group said on Wednesday, according to Reuters.

A district court in Mianyang city in southwestern Sichuan province convicted Li Bifeng, 34, of fraud charges, said the Information Center of Human Rights and Democratic Movement in China.

## MALAYSIA: Court Upholds Sedition Conviction of Deputy Leader of Opposition Party

Continued from Page 1

of Parliament now cannot really raise issues — even if it is based on truth."

With the decision, Mr. Lim, 38, is banned from holding a seat in Parliament for five years from his date of release. That would effectively keep him from contesting the next two general elections in the country, which are held every five years.

Elections must be called before April 2000 but Prime Minister Mahathir bin Mohamad has not ruled out a possibility of elections in a few months, before the country's economic crisis deepens.

Mr. Lim was convicted last year of criticizing in a pamphlet the government's decision not to press statutory rape charges against a former senior

government official.

The pamphlet questioned why a schoolgirl involved in the scandal — she was 15 at the time — was detained in the case but not the official, who was then regarded as a protégé of Mr. Mahathir.

Judge Gopal Sri Ram, ruling on Mr. Lim's first appeal earlier this year, changed his sentence from a 15,000 ringgit fine (\$3,600) to two concurrent 18-month prison terms.

"It is time that the court sends a clear message that it cannot tolerate any attack on the judiciary," the judge said in announcing the new sentence.

In the final appeal, the defense attorney, Karpal Singh, said Mr. Lim had "honorable intentions" in the case and called for an "outright acquittal."

"We find no good reason why we

should interfere in the Court of Appeals' decision," said Eusoff Chin, the country's chief justice, in announcing the decision, which took an hour and a half to reach.

Surrounded by weeping family members, Mr. Lim said, "If this is the outcome of my helping someone... then I have nothing more to say."

Before being taken away by the police, he gave members of his family his wallet, car keys and suit coat, and faced the gallery.

"I will hold up the handcuffs that will be placed upon me not as a symbol of shame, but as a symbol of pride and honor," he told the spectators. "My political career may have terminated but my political struggle will go on."

Mark Daly, a representative of Am-

nesty International who attended the hearing, said he was "deeply shocked" by the decision.

"Amnesty International believes Lim Guan Eng today becomes a prisoner of conscience solely for expressing his opinion and fulfilling his duties as a member of Parliament," Ms. Daly said.

Mr. Lim said he became aware of the case when the grandmother of the girl came to him for help. She wanted to see her granddaughter, who was in police custody, but had been turned away.

Following a news conference the next day, during which Mr. Lim highlighted the case, the grandmother was given permission to visit her granddaughter.

"He has done nothing wrong," said the grandmother. "The innocent people are facing jail and the guilty are free."

## BRIEFLY India Steps Up Efforts To Aid Flood Victims

**LUCKNOW, India** — Relief workers stepped up efforts on Tuesday to help tens of thousands of people marooned by flooding in northern India as waters from monsoon-swollen rivers disrupted vital communication links.

Naresh Dayal, a senior official of Uttar Pradesh state, said additional army personnel were being rushed to flooded eastern areas of the state and dozens of boats were being used to evacuate people to makeshift camps.

He said that an estimated total of 370 people had died this month due to flooding, most of them within the last 10 days.

Up to 700,000 people in Uttar Pradesh, India's most populous state, were completely cut off by the flood waters, Mr. Dayal said. The floods have affected more than 4 million people in the state, he said. (Reuters)

## Crowd Again Protests Over Cambodian Vote

**PHNOM PENH** — Keeping up pressure on the leader of Cambodia, Hun Sen, 5,000 people on Tuesday protested alleged election fraud and cheered calls for his ouster by an opposition leader.

It was the third demonstration against the Cambodian strongman in as many days.

Crowds blocked roads and crammed into a park in front of Parliament, where 100 people spent Monday night in a protest vigil.

Interior Minister Sar Kheng, who is in charge of the police force, met with a United Nations representative to Cambodia to try to find a way to stop the round-the-clock vigil, which has raised fears of new violence in this troubled Southeast Asian nation. (AP)

## India Calls U.S. Talks On Weapons 'Candid'

**NEW DELHI** — Indian and U.S. diplomats held "positive, candid and constructive" talks on nuclear arms control, but work is still needed to narrow the differences between them, an Indian official said Tuesday.

A government spokesman said that both sides agreed at their meeting in Washington on Monday to work for an atmosphere that could make possible a visit to India by President Bill Clinton.

"At the last meeting there was a narrowing of differences," the spokesman said. "That trend seems to be continuing, but more work is required."

Mr. Clinton's proposed visit to South Asia, slated for November, has hung in the balance since India carried out nuclear tests in May, prompting its archfoe, Pakistan, to answer with experimental blasts of its own.

But the Indian spokesman gave no details of the discussions that were held between a U.S. deputy secretary of state, Strobe Talbott, and Jaswant Singh, the envoy of Prime Minister Atal Behari Vajpayee of India. (Reuters)



Riot police using shields for cover from rocks thrown Tuesday in Palu by backers of Megawati Sukarnoputri.

## 9 Indonesians Hurt in Fight Over Party

### Police Fire Warning Shots as Megawati Supporters Try to Block Meeting

*The Associated Press*

**JAKARTA** — Police fired warning shots and tear gas Tuesday at stone-throwing supporters of an opposition leader who tried to disrupt a congress held by a rival party faction.

At least nine people were injured in the clash involving followers of the opposition figure Megawati Sukarnoputri in the Sulawesi Island city of Palu, the police said.

Mrs. Megawati was forced out as head of the Indonesian Democratic Party in a military-sponsored party congress in June 1996, when Indonesia was led by President Suharto. Mr. Suharto resigned in May amid riots and student protests.

The government-backed candidate

who replaced Mrs. Megawati, Soerjadi Soedirdja, opened a congress this week in Palu, 1,550 kilometers (950 miles) northeast of Jakarta, to pick a new leader of the party.

About 1,000 backers of Mrs. Megawati converged on the building where the congress was being held, claiming that Mr. Soerjadi had been illegally installed as party chief.

Fighting broke out when they tried to force their way into the meeting hall and the police blocked them. Security guards at the congress also hurled rocks at Mrs. Megawati's supporters.

Mrs. Megawati is the eldest daughter of President Sukarno, the founding president of Indonesia. She is seen as a strong candidate for president in elec-

tions set for next year.

In May, President B.J. Habibie took over from Mr. Suharto, pledging democratic reforms in the nation of 202 million.

Mrs. Megawati was removed as party leader because of her consistent calls for greater democracy in the country, which was ruled with an iron hand by Mr. Suharto for three decades.

Her ouster set off riots in Jakarta on July 27, 1996, following the storming of the party's headquarters by police and Mr. Soerjadi's supporters.

At least five people were killed and more than a dozen are still missing.

The police blocked about 300 workers from marching in Jakarta streets Tuesday to demand labor rights.

## BRIEFLY

### 6 Young Algerians Are Killed

**ALGIERS** — Six Algerian adolescents were killed and their bodies were mutilated and booby trapped with explosives, rescue workers and relatives said Tuesday.

The bodies of the victims, aged 12 to 15, were found Monday in an underground passage near official residences used to house foreign visitors, said workers at the Mustapha Hospital, speaking on condition of anonymity.

The tunnel extends over 4 kilometers (2.5 miles) on four levels, with at least four exits.

Nobody claimed responsibility for the attack.

The Armed Islamic Group, which is trying to oust the military-backed government, has been known to use the tunnel as well as other underground passages and the city's sewers to move about the capital. (AP)

### 16 Convicted in Sierra Leone

**FREETOWN, Sierra Leone** — Sixteen civilians were found guilty of treason in Sierra Leone on Monday and could be sentenced to death for complicity in a May 1997 coup.

Two others were acquitted.

The coup ousted President Ahmad Tejan Kabbah for 10 months. Mr. Kabbah was reinstated in March.

The 18 people were tried on various charges of collaborating with the Armed Forces Ruling Council, which was driven out of Sierra Leone by Nigerian and other West African troops.

The law under which they were tried provides for execution by firing squad. The defendants can appeal within 21 days. (Reuters)

## 2 Bodies Found in Bahamas

**NASSAU, Bahamas** — The bodies of a British tourist and another woman, possibly an American teacher, have been found hidden in bushes on a Bahamian resort island, police said on Monday.

Joanne Clarke, of Oxfordshire, England, disappeared on Friday while vacationing on Paradise Island near Nassau. Her body was found by friends on Saturday in a clump of bushes, the police said.

The body of a second woman was found close by. It was believed to be that of Lori Fogelman, a teacher from Virginia, the Nassau Tribune reported. (Reuters)

### Colombians Hold Peace Talks

**GENEVA** — Members of the Colombian Parliament have held talks in Geneva with members of the rebel National Liberation Army, a spokesman for the International Committee of the Red Cross said on Tuesday.

The day-long talks came amid efforts by President Andres Pastrana to try to end Colombia's three-decade guerrilla war, the longest-running one in Latin America. Six members of Parliament and three representatives of the rebels, including Pablo Beltran, one of their top commanders, met on Monday. (Reuters)

## Judges to End Inquiry Into Death of Diana

*The Associated Press*

**PARIS** — Paris prosecutors issued a rare statement Tuesday concerning the inquiry into the death of Diana, Princess of Wales, saying the investigation would conclude in October.

The prosecutors, however, revealed no new breaks in the case, which is nearly a year old. "The investigations ordered by the judge should be completed at the end of October," they said.

The statement came after Judge Hervé Stephan questioned two key witnesses, the president of the Ritz Hotel and his assistant. It was the first time Judge Stephan had questioned Ritz management about the car crash last Aug. 31 that killed Diana, her boyfriend, Dodi al Fayed, and their driver, Henri Paul.

In addition, the judges said they were still examining the blood of Mr. Paul — this time not for alcohol, but to explain an abnormally high level of carbon monoxide.

Repeated blood tests found Mr. Paul was heavily drunk at the time of the crash. That, and the high speed he was believed to have been traveling at, always have been assumed to be major reasons for the crash.

Three tests are still under way in the investigation, the statement said, including one on "the origin of the level of carbon monoxide, slightly higher than average, found in the blood of driver Henri Paul."

Carbon monoxide poisoning can cause dizziness, headaches, nausea and disorientation.

## NIGERIA: New Junta Leader Sets His Nation on the Democratic Path

Continued from Page 1

"He's established a bit of a record of delivering on his pronouncements."

[General Abubakar] stood out standing as a candidate in his country's presidential elections, announced for February, Agence France-Presse reported from Robben Island, South Africa.

"Certainly not. It has never even crossed my mind," General Abubakar said, when asked if he would be a candidate for the presidency. The timing of the election was announced in Nigeria earlier Tuesday, while the general was on a visit to South Africa. He welcomed the announcement of the elections, due to be held Feb. 27, according to officials in Abuja

## EUROPE

# Blair to Recall Parliament to Vote on Toughening Anti-Terror Measures

By Youssef M. Ibrahim  
New York Times Service

LONDON — Prime Minister Tony Blair announced Tuesday that he was recalling Parliament next week to toughen anti-terrorist laws in Britain after the recent bombing in Northern Ireland that took 28 lives and wounded 320 people.

Mr. Blair made the widely expected announcement in Omagh, the site of the attack.

British officials said the prime minister might ask Parliament either for new "draconian" legislation to secure convictions against members of banned terrorist organizations or a tightening of existing laws.

The leader of the opposition Conservative Party, William Hague, said he expected Parliament to convene next

Wednesday and Thursday. The move followed widespread anger and dismay over the bloodiest terror act in 30 years of conflict in Northern Ireland and demands for tougher measures by politicians and the public.

Both the British and Irish governments appear to be moving together to reassure the public that they are serious in taking strong measures to prevent further attacks.

Prime Minister Bertie Ahern of Ireland has already announced plans to tighten anti-terrorist legislation in the Irish Republic, also recalling Parliament there next week to endorse the measures.

On Tuesday, Mr. Blair went to Omagh, where the population remains in shock more than a week after a huge bomb tore a shopping street apart. An Irish Republican Army splinter group is believed to have mounted the attack.

Mr. Blair met relatives of the victims and medical personnel who cared for the victims. Mr. Blair also met in Belfast with leaders of Northern Ireland's main political parties.

Last week, the prime minister, who was vacationing in France, served notice of his intentions, speaking of increased cooperation with the Irish government.

"We will bring in similar measures to those proposed by the Irish government,

so we will then have the toughest anti-terrorist measures for the whole of the island of Ireland, the Republic and Northern Ireland, that we have ever seen," Mr. Blair said last Thursday.

While Mr. Blair did not elaborate on the specifics, the measures adopted by Ireland that he proposes to emulate include widening government power to "intern" terrorist suspects without trial, tightening bail conditions for those ac-

cused of crimes and restricting suspects' right to silence under questioning. Under these rules security forces can detain suspects from two to five days on suspicion.

A spokesman at No. 10 Downing Street confirmed that the objective of any new laws would be to move against any terror organizations and their members before they act.

The most sensitive issue expected to be dealt with will be internment. The Blair government abolished internment last year and Catholics fear the measure can be used to round up political activists as well as potential terrorists.

The last time the British Parliament was recalled was in 1990 when Prime Minister Margaret Thatcher secured its accord to dispatch British forces to the Gulf after Iraq's invasion of Kuwait.

Parliament has been recalled from

summer recess 14 times since the end of World War II.

It is not clear whether new laws will in fact be necessary, since several British officials said last week that legislation to toughen government measures was largely already in place, needing only refinements in their application.

Officials stressed, however, that Britain would do "whatever is necessary" to enable security forces to act quickly and decisively.

Widespread support was expected for any new measures.

Andrew Mackay, a member of the Conservative Party who oversees its Northern Ireland policies, said that his party would fully cooperate to bring

"evil psychopaths" to justice and assure swift passage of measures to crack down on terrorist activities. "I believe our security forces must be able to

tackle terrorism with every tool available," he said.

## ■ 'Overreaction,' Sinn Fein Says

Sinn Fein, the IRA's political ally, said Tuesday that plans by Mr. Blair to recall Parliament were a "massive overreaction" that could jeopardize the peace process. The Associated Press reported from Belfast.

"The great danger in introducing these measures is that we could have a situation developing which could have great and serious implications for the peace agreement and Sinn Fein's role within it," Martin McGuinness, the Sinn Fein spokesman, said in a BBC interview.

Mr. McGuinness called Northern Ireland's predominantly Protestant Royal Ulster Constabulary the most discredited police force in Europe and said innocent people therefore could be jailed.

## Yeltsin Strains Patience of Russians

### Abrupt Policy Zigzags Dim Citizens' Dreams of a Better Life

By Michael Wines  
New York Times Service

MOSCOW — Nina Kostina cheered Boris Yeltsin's ascension to the presidency in 1991. She voted to re-elect him in 1996. She expected to be comfortably into her retirement by now.

Instead, she a cleaning woman at the Old Moscow Circus, working 11-hour days and taking home \$70 a month — maybe — after the de facto devaluation of the ruble last week.

Better not to ask what she thinks about Mr. Yeltsin's promise Monday that his latest government shake-up would bring stability to Russia.

"I thought we would live normally," she said bitterly, trudging toward a Moscow subway station as dusk fell. "He said to wait half a year, wait a year, wait another year. Now I've waited seven years — and nothing. We don't expect anything better, because there's nothing good. I only count on my own self."

Russians have waited seven years for Mr. Yeltsin's capitalist revolution to bear fruit, only to be confronted this month with the certainty that life will again become more expensive, and probably harder, before it gets better.

Russians are famous for stoicism. But there are hints that the country's legendary forbearance — with Mr. Yeltsin's bureaucratic pioquies, with their hard lives — may be eroding.

A nationwide poll of 6,000 Russians conducted shortly before the latest economic crisis registered a marked in-

crease — to 65 percent in mid-August from 50 percent in March — in the share of respondents who said the government could "no longer count on the people's patience."

Twelve percent of the respondents said they were ready to join a strike and 11 percent said they supported an armed uprising against the government — figures that have roughly doubled in six months.

Only 8 percent had any faith that Mr. Yeltsin's program of tax and economic reforms would improve their lives. The poll has a margin of error of plus or minus 2 percentage points, according to Nuzgar Betaneli, head of the Sociology and Parliamentarianism Institute, which conducted the survey.

Mr. Betaneli said that Russians' dwindling hope for economic improvement was directly tied to their increased willingness to protest. He also predicted that the public would see Mr. Yeltsin's latest reshuffling of his government in a poor light unless the president could better explain his motives for the change.

Polls can be conducted or interpreted wrongly, of course, and Russia is so vast and diverse that snapshots of the public mood are difficult to make exact.

But Mr. Betaneli has a reputation as one of the nation's more accurate pollsters.

In interviews with citizens and journalists around Russia on Monday, little information surfaced to suggest that he might be wrong this time.

Reaction to Viktor Chernomyrdin's resurrection as prime minister ranged from lukewarm to hostile. Mr. Yeltsin fared little better.

In St. Petersburg, for example, the deputy chief editor of the newspaper Simea, Marina Goncharenko, said city officials regarded Mr. Chernomyrdin's return "without particular optimism."

"Any big city fears that games in Moscow will make the situation which is already bad — worse," she said.

"There are games, and there are the true values of democracy. As in all regions, we are skeptical about the center."

Back in Moscow, a young woman tending a downtown hot-dog stand, Yelena Timofeyeva, said she had no faith in either Mr. Chernomyrdin or Sergei Kiriyenko, the economic reformer he replaced as prime minister, or for that matter Mr. Yeltsin.

"He tortures them — appoint, remove, appoint, remove," she said of the president's administrative changes. Meanwhile, life goes "very badly," she said, with sub-minimum wages and rising prices.

"We need stability," she said. "I'm always afraid things will get worse."

That does not sound especially revolutionary and, in fact, several political analysts interviewed expressed confidence that the Russians' legendary patience would see them through this bout of suffering, as it has through the hyperinflation, joblessness and unpaid wages

of the last seven years.

The economic events of the last week might have produced riots in other nations, but in Moscow the outward signs of distress so far have largely consisted of slightly longer lines at automated teller machines and cryptic "closed" signs on some bank doors.

Things were much, much worse early this decade, the analysts stressed, when inflation consumed peoples' life savings and tanks rolled in the streets.

But things are not good in Russia

now, especially outside the comparatively prosperous, privileged and better-supplied Moscow.

In Mr. Chernomyrdin's home region of Orenburg, far from Moscow in the southern Urals, the copper-mining town of Gai is locked in a depression and the situation, Vera Maltseva said by telephone, is desperate.

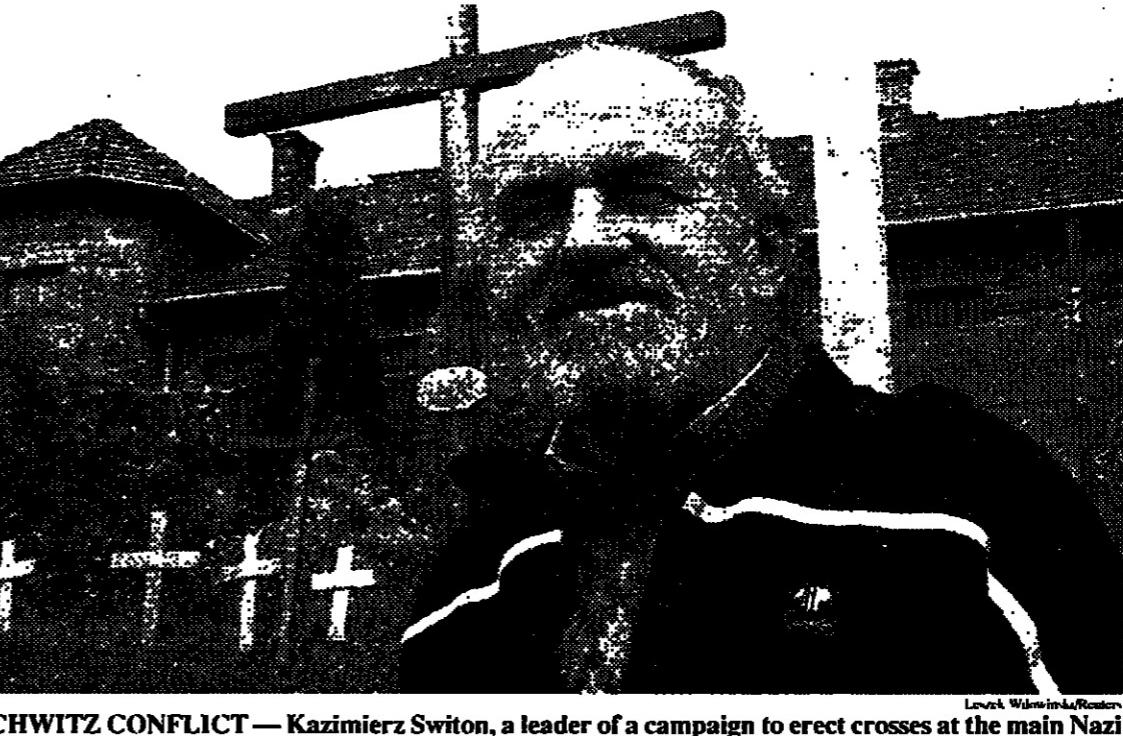
Mrs. Maltseva and her husband, Gennadi, said that doctors in their city of 50,000 have been on a hunger strike for two weeks.

Teachers were planning a strike in September for back wages, they said. The last time the teachers received their salaries was in February, she said.

Her husband, a mine worker, is finishing a two-month vacation ordered by the head of the privately owned mine.

In the wake of the devaluation, Mrs. Maltseva said, "prices here have doubled."

"I never thought we would live like this," she added. "We're even sensing panic."



AUSCHWITZ CONFLICT — Kazimierz Switon, a leader of a campaign to erect crosses at the main Nazi death camp in southern Poland, visiting the site Tuesday. Jewish groups are protesting the crosses.

## BRIEFLY

### 3 More Climbers Die in Swiss Alps

GENEVA — Two German climbers and their Italian guide were found dead Tuesday in the Swiss Alps, a spokesman for Air Glacier rescue services said.

The Swiss news agency ATS said that this brought to at least 41 the number of climbing-related deaths in Switzerland since the season began in June.

The latest victims slipped and fell into a deep crevasse in a glacier as they descended from the Grand-Combin peak in the canton of Valais, the rescue services spokesman said.

"We started looking for them last night but by the time we found them they were dead," he said from Sion, capital of the mountainous region.

(Reuters)

### Germany Rejects Poverty Report

BONN — Chancellor Helmut Kohl's government rejected on Tuesday the findings of a politically sensitive study that concluded that more and more German children were living in poverty.

The study, conducted for the government by independent experts, said rising unemployment had left one in nine Western German children living in households that depended on welfare benefits for survival.

In the economically deprived east of the country, the figure was even higher, with one in five children in welfare-assisted households, the report said. (Reuters)

### Cosmonauts Land

ARKALYK, Kazakhstan — Three Russian cosmonauts, including a former aide to President Boris Yeltsin, landed in the Kazak desert on Tuesday after a flawless descent from the Mir space station.

The spacecraft touched down near the town of Arkalyk in north-central Kazakhstan. It carried the commander, Talgat Musabayev, and his colleague Nikolai Budarin, who spent 207 days on board the Mir, and the former presidential adviser, Yuri Baturin. (AP)

### For the Record

German industry could compensate people forced to work as slave laborers under the Nazis by contributing to funds for Holocaust victims living in eastern Europe, the government said Tuesday. (AP)

### Serbs Attack in West Kosovo, Leave Trail of Homes on Fire

Reuters

BELGRADE — Serbian forces shelled areas of western Kosovo on Tuesday and smoke billowed from burning homes in ethnic Albanian villages, reporters and ethnic Albanian sources said.

Reporters traveling to Komoran, 20 kilometers (12 miles) west of the provincial capital, Pristina, said they saw a line of fires burning southeast toward Cmojevo.

The Komoran Valley appeared to be on fire, they said, as Serbs burned suspected hideouts of rebels of the separatist Kosovo Liberation Army, which is fighting for the ethnic Albanian province's independence from Serbia.

Reporters also saw an armored column in the Lepusnik area just west of Komoran that included 28 armored vehicles of the Yugoslav Army, including five tanks.

International diplomatic observers accredited by Belgrade confirmed a series of fires in the Komoran Valley and said that Magura, 10 kilometers south of Pristina airport, was burning for the second straight day.

The Kosovo Albanians' Information Center reported shelling in the Suva Reka region, just north of Prizren, throughout the night and continuing until about noon.

The information center also said Serbian police units had taken control of three villages in Lipjan, near the Pristina airport.

Serbian sources could not confirm the fighting at Suva Reka but said that police had entered a number of villages around

### JUPPE: Target of Graft Investigation

Continued from Page 1

finance director of Paris from 1988 until he became foreign minister in 1993.

Mr. Chirac resigned as mayor in 1995 when he won the French presidency and made Mr. Juppe, 53, his prime minister, a post he held until the conservatives lost a legislative election last year. He is now mayor of Bordeaux.

Like the Socialists, conservative parties have come under investigation in recent years for fund-raising practices that used to be commonly accepted in France — shakedowns, kickbacks and padding the payrolls with no-shows in municipalities they controlled.

In Paris, investigators are said to be looking into an allegedly widespread practice of using funds from private companies that did business with the city to pay party employees.

Mr. Juppe said Tuesday that, at the most, some city employees may have spent some of their time working for his party. But some municipal employees have acknowledged that in fact they did no work at all for the city.

### Your Guide To 126 Top French Companies

### FRENCH COMPANY HANDBOOK 1998

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ARLÉSIQUE	DE DIETRICH	SODERHO ALLIANCE
ASCOLTELMASTHOM	DEGEN	SOPHIE
AVANTAGE	EFFAGE	SOMMER ALBERT
AYAT	ELF ACQUISTINA	SOPHIA
BAKU INVESTISSEMENT	ENRAMÉ	SOPHIE COMMUNICATION
BNC	ENRICHIM-BÉCHIN-SATY	STÉPHANOÉLECTRONICS
BNP	ESSOCLE INTERNATIONAL	STRAFOR FACOM
BOUDRE TECHNOLOGIES	EUFRAFRANCE	SUEZ LYONNAISE DES EAUX
BONHOMME	EURO DISNEY S.C.A.	SYNTHELABO
BONVIVES	EURODISNEY	TOCHAMP
BOUVIÈRES OFFSHORE	FRANCE TELECOM	TFI
CANAL+	GAF	THOMSON-CSF
CPI-CITRON	GAZ ET EAUX	TOTAL
CORSECO</td		

# Herald Tribune

INTERNATIONAL  
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## Back to Chernomyrdin

### Retreat From Reform?

Five months after abruptly firing Prime Minister Viktor Chernomyrdin, Boris Yeltsin has just as abruptly brought him back. An increasingly erratic President Yeltsin flailing about in the Kremlin is becoming a major cause for concern in Moscow and Washington, recalling the unnerving days when siring and aging Soviet leaders like Leonid Brezhnev continued to wield power despite faltering judgment.

Although Mr. Chernomyrdin is a known quantity, his return to office is anything but reassuring. It seems to signal a particularly untimely retreat from economic reform. The challenge for President Bill Clinton, who still plans to proceed with a Moscow summit meeting scheduled for next week, is to lend a stabilizing hand to the Yeltsin-Chernomyrdin government without appearing to lead American endorsement to any slowing of reform.

Only last March, Mr. Yeltsin dismissed Mr. Chernomyrdin and, declaring that revitalizing the Russian economy required "new blood," appointed a cabinet of youthful and committed reformers under Sergei Kiriyenko. Now, in the midst of a dangerous banking crisis that could destroy Russia's ability to borrow in international markets, Mr. Yeltsin has dumped those reformers in favor of a man whose legacy of halfway measures and tolerance for corruption contributed mightily to Russia's underlying problems.

As Russia tries to navigate its way out of a financial crisis that requires making difficult choices, it can ill afford Mr. Chernomyrdin's cautious, compromising leadership style. Econometrically, Russia is now in a deep, downward spiral. The government has been unable to collect taxes or pay its workers, and has lost the confidence of foreign investors who only months ago were pouring money into a country that was ill equipped to handle it. Finding a way to restructure the debts of both the government and the Russian banks will be a difficult challenge. The previous government had promised to announce its plans on Monday but did not last long enough to do so.

—THE NEW YORK TIMES.

### A Downward Spiral

President Boris Yeltsin's reappointment of a prime minister he had fired only five months ago seems an act of desperation. When he cashiered Viktor Chernomyrdin in March, Mr. Yeltsin derided the long-serving prime minister as a spent force. By returning this same politician to power now, the president will have convinced many of his countrymen that the same disapproving could be applied to him.

Back in March, faulting Mr. Chernomyrdin's government for its lack of "dynamism," Mr. Yeltsin appointed a young, pro-reform prime minister and cabinet. But the new team moved from one crisis to another, culminating in the recent decision essentially to devalue the ruble and default on some of Russia's debt. The causes of this downward spiral were partly external — spillover from the Asian financial crisis and a fall in the price of Russia's most important export, oil. But the crises also were a legacy of the half-measures achieved by Mr. Chernomyrdin, who was unable or unwilling to push through reform in land, tax and other law that Russia needs to attract investment. The result was economic depression and the emergence of a corrupt capitalism dominated by a few oligarchs whom Mr. Chernomyrdin was loath to challenge.

That is what Mr. Yeltsin now has returned to. The president said his goal was "not to allow a step backward, but to maintain stability." But in Russia's crippled state there can be no stability, only progress through difficult reform or continued decline. The debt moratorium has scared foreign investors away. Russia's young banks are teetering. There will be a huge temptation to save them by stoking inflation, which could lead to Weimar-like political instability.

In one sense, Mr. Yeltsin's latest tack is nothing new. He has alternated between pushing reform, and thereby provoking the Communist-dominated Parliament, and backing away from reform when the opposition became too intense. Perhaps, given the deep divisions within Russian society, he had no choice. But the result has been

to leave reformers feeling abandoned, Communists dissatisfied and ordinary Russians disillusioned.

The latest turmoil further clouds the prospects for a summit between Mr. Yeltsin and President Bill Clinton due to begin next Tuesday. If Mr. Yeltsin wants to proceed, Mr. Clinton is right to go, to show support for democratization and free market reform. But as a practical matter, Mr. Clinton cannot bring much help to Moscow next week. He has correctly stressed that the choices Russia makes, whether to cast its lot with Europe and the West or to turn inward, have huge consequences for America. But those are choices that no outsider can make on Russia's behalf.

—THE NEW YORK TIMES.

### Other Comment

#### A Smooth Transition

I am betting on a smooth transition to the third millennium. The collapse of the ruble won't destroy Russia, which has survived every horror known to man, from Genghis Khan to Adolf Hitler. India and Pakistan's nuclear weapons cancel each other out. Beijing prefers capital accumulation to "Das Kapital." Islamic terrorism is on a level with Irish republican atrocity — contemptible but futile.

Finally, though it may be that President Clinton is on a collision course with impeachment, the magnificently flexible American political system will shrug that off, and American common sense will endorse his successor. His last public act, when he visits Belfast next month, may be to make Sinn Fein/IRA begin surrendering its weapons. A foolish but essentially likable man, he could retire honorably on that achievement and look forward to the same rehabilitation that Nixon enjoyed.

—John Keegan, commenting in *The Daily Telegraph* (London).

Russia's 1993 constitution, which vested the president with unlimited powers, has turned out to be unworkable and dangerous. It is a source of political instability, engendering irresponsible behavior.

—Mikhail Gorbachev, in a syndicated column.

## Rescuing Kosovo Is a Project for All of Europe

By Daniel Tarschys

**S**TASBOURG — There are of course great differences between Northern Ireland, Bosnia and Kosovo, but there are also similarities. In each case, ethnic or religious frictions have been exploited and aggravated through a sadly familiar chain of events.

When moderate political forces have failed to deliver, radicals have gained ground, weapons have flowed in from sympathizers abroad, attacks have been followed by revenge, and extremist positions have further hardened.

The way out of such evil spirals is arduous and complex, as we know from both Dayton and Belfast. Substantial international pressures and support are no less vital than an inclusive constitutional framework for domestic peace-building.

For far too long, the Belgrade authorities have rejected international involvement in what they regard as their own internal affair. This position is untenable for at least three reasons.

First, it reflects an antiquated notion of sovereignty. In the Council of Europe — to which Yugoslavia aspires to belong — we are deeply convinced that human rights issues are our common concern and not the exclusive domain of any one state.

This conviction, which underlies the European Convention of Human

Rights, is based not only on idealism but also on self-interest. In today's Europe, no country can feel safe with chauvinist and authoritarian neighbors.

That is why common values lie at the very core of the new security system that Europeans are trying to build.

Second, repression in Kosovo had a significant impact on other European states long before the recent violence started. Several hundred thousand Kosovars reside outside Yugoslavia.

Third, autarky is not a realistic option for Belgrade. To find a way out of Yugoslavia's poverty and self-isolation, its leaders cannot merely pretend to accept fundamental standards. They must do so also in practice.

After the end of the Cold War, international conflicts and minority problems have surged onto the European political agenda as the main threat to the continent's security. If identified in good time, such dangers can be met with a panoply of civilian measures.

The most important defense is to reinforce the basic instruments of "democratic security." Strengthening the rule of law, promoting transparency and accountable governance at all levels and building an independent judiciary are indispensable and indispendable elements in that strategy.

But more specific measures are also required to satisfy the legitimate needs of various minorities. With the mosaic of ethnic and linguistic groups in Europe, few, if any, states are entirely homogeneous. A country that cannot cope with this diversity and integrate its citizens in a respectful manner may sooner or later face disintegration.

At the Vienna summit in 1993, the Council of Europe received a mandate from its member states to address this problem. Two new treaties have been developed: the European Charter on Regional and Minority Languages and the Framework Convention on the Protection of National Minorities.

Both go into effect this year, with the implementation to be supervised by independent experts.

But many states have yet to join these conventions. The issue is a touchy one, sometimes affecting, or so it is felt, the established conception of the country as a nation-state.

The aim is to combat xenophobia and distrust between traditionally antagonistic peoples, and to strengthen cross-border cooperation as well as local and regional democracy. An important task is to make history education an eye-opener and not a mind-closer.

Many European states have resorted to constitutional engineering to grant a special status to particular regions or minorities. Several of the newly established democracies have been assisted by the Council of Europe's Venice Commission on Democracy Through Law, a panel of constitutional law experts with advisory competence.

The Kosovo struggle revolves around the issue of self-government. For the Kosovo Albanians, restored autonomy is no longer enough. For the Serbs, independence is unthinkable.

The chasm between these two seemingly irreconcilable positions is not unbridgeable. Recent European experience, from Northern Ireland to Moldova, shows that tailor-made solutions can be painstakingly developed.

The Yugoslav leaders may be about to crush the resistance on the battlefield, but can they ever regain the cohesion of their country?

Beyond human casualties, the main losses of a war are mental and moral. Restoring trust and respect for human rights must be the cardinal aims of any strategy for recovery.

The writer is secretary-general of the 40-nation Council of Europe. He contributed this comment to the International Herald Tribune.

## The World Is in Trouble, and Japan Could Be Helping

By Alan S. Blinder

**P**RINCETON, New Jersey — We Americans are now in the summer of our economic content. But much of the rest of the world has become a dangerous place.

Several Southeast Asian nations are in what can only be called a depression. China, it is said, may have to devalue its currency. Japan is sagging badly. Russia lurches from one crisis to the next. And parts of Latin America look shaky.

Some pessimists are even fretting about the United States.

The stock market seems precarious,

we see too little, our trade deficit is alarming, the Federal Reserve might raise interest rates, growth is slowing. But I believe that our worries should be directed across the Pacific.

Anxieties about the American economy are overblown.

Although the great American growth machine slowed dramatically in the last quarter, the apparently meager 1.4 percent growth rate resulted largely from an inventory correction and the General Motors strike.

Without those two factors, growth would have topped 4 percent despite a notable drag from foreign trade.

Besides, a little slowdown is welcome right now, when there is real danger of overheating. The stock market has been correcting, calmly so far, for what seem to be the right reasons: It is coming to see unrealistically optimistic earnings forecasts as well, unrealistic. And those awful trade deficits, I would argue, are just what the doctor ordered for the rest of the world.

So there is no need for panic on the domestic front. Neither is the situation in Russia, which is grabbing the gloomy headlines these days, a serious economic concern for the United States (although it is a deadly serious foreign policy matter). The Russian economy is simply too small and too little connected to the rest of the world to matter much.

If you want to worry, start with Japan. Its economy, once

mighty, has struggled for most of this decade and now appears to be in the grips of a serious recession.

Despite near-zero interest rates for nearly three years and several large stimulus packages, the economy has failed to perk up. And the Japanese political system has repeatedly shown itself incapable of taking strong action.

Since Japan accounts for roughly one-eighth of the world economy, all that is bad enough. But there is much more.

Much of Asia is in serious trouble, and the region's biggest economy is too sick to help. A healthy Japan could be assisting its smaller neighbors financially while they lifted themselves out of the morass, in part by exporting to Japan, but that escape route has been effectively closed by Japan's recession.

Can Asia recover while its largest economy sinks? It's a good question, to which I fear the answer is "no."

Furthermore, the whole world is fearful of financial contagion. When Thailand's markets got sick in July 1997, Malaysia's and Indonesia's quickly followed. A few months later, a crack in the (comparatively) tiny Hong Kong stock market echoed loudly in New York.

In June, a falling yen shook emerging markets all over the world, and a sizzling rouble did so again this month. Imagine, then, the potential financial repercussions of a real financial meltdown in Japan.

What to do? The United States may be the undisputed world leader, but most of the answers lie in Japan.

First, and most assuredly foremost, Japan must clean up its banking mess and nurse its financial system back to health. In my view, it is more important that Japan do so quickly than that it follow what might be called the American way — shuttering

moribund banks, paying off deposits with public money, kicking out the management and selling off the bad assets.

That recipe sounds about right to me. But remember that, in the case of America's savings and loan debacle, we dithered for years before finally biting the unpalatable bullet. If insisting on an American-style approach will delay the process further, better to use a less confrontational, more Japanese approach — even if that means, for example, keeping wounded banks alive by merging them into stronger ones. The motto should be: Just do it.

Second, government policy must remain strongly expansionary. That means keeping interest rates extremely low, enacting permanent tax cuts and providing even more dollops of government spending. The time to debate the merits and demerits of these three ways to stimulate domestic spending is long gone. Japan must use every option available.

Third, Japan and the rest of the world need to tolerate an exchange rate in the current range (about 145 yen to the dollar) or even lower. Let's not forget that Japan is still home to some of the world's great manufacturing corporations. A cheaper yen makes these companies' products more attractive to foreign buyers.

The important point here is that having a super-weak yen should not be viewed as a permanent condition. Rather, it is a temporary, cyclical phenomenon, much like near-zero interest rates and the yawning budget deficit. As the Japanese economy recovers, so will the yen.

Critics object that a weak yen imperils other Asian countries by making their exports less competitive. They have a point, but an exaggerated one. Only South Korea competes directly with Japan in a variety of product lines; other Asians aim lower on the technology ladder.

And remember the object of this exercise: to get the Japanese economy growing again. A healthy Japan will provide markets for its neighbors.

What about the United States? Is there anything the U.S. government should be doing to help? Yes, but fortunately not much, other than to make sure that our own giant economy keeps humazing.

The world's financial markets certainly do not need an interest rate increase from the Federal Reserve right now. Fortunately, Fed decision makers have been smart enough to do nothing for almost 18 months now.

Even though I subscribe to many of the criticisms of the IMF, Congress should quickly pass the IMF financing measure that the administration has requested. Yes, this may amount to giving some good money after bad. But we can ill afford to shut down the world's economic fire department just when dry tinder appears to be everywhere and sparks are flying.

The U.S. government should keep badgering the Japanese, who seem to need lots of external pressure to overcome internal political inertia. However, less smug American triumphalism might be in order.

For example, as suggested earlier, the Japanese need not fix their banking problems in precisely the way we fixed ours. The United States should behave more like a worried companion trying to talk sense into a friend, less like a haughty scold.

Finally, with the American economy operating at (or indeed beyond) capacity while Asia is in the doldrums and Europe is in only so-so shape, we must expect our already huge trade deficit to grow. Providing a market for weak-dollar economies may be the most constructive thing we can do for the world economy right now.

Fortunately, we spendthrift Americans are in an excellent position to do just that. It would be a colossal mistake if the growing trade deficit were to push the United States into protectionism. That's not the way a leader behaves in a dangerous world.

The writer is a professor of economics at Princeton University and former vice chairman of the Federal Reserve Board. He contributed this comment to The New York Times.

## Progress on the Nuclear Front

By Alexander Downer

The writer is Australia's foreign minister.

**C**ANBERRA — The recent nuclear weapons tests in India and Pakistan caused a level of international outrage that has injected new vigor into the nuclear debate.

The outrage was a catalyst for a historic decision on Aug. 11 by the Conference on Disarmament in Geneva to move a step closer to treaty banning production of fissile material, the essential ingredient for nuclear weapons.

The decision ends almost two years of inaction by the Conference on Disarmament following the conclusion of negotiations on the Comprehensive Test Ban Treaty in August 1996. Resumption of substantive talks will halt the erosion of the institution's credibility caused by this inaction.

It will also strengthen the conference's relevance as the key negotiating forum for addressing arms control issues vital to international and regional security interests.

A cutoff treaty has the potential to deliver significant benefits by helping build a global environment conducive to the elimination of nuclear weapons. The process of reducing nuclear arsenals can have meaning only if we can be assured that there is no parallel building of weapons-grade material.

The decision is a significant sign of the changes that those tests have caused on the nuclear arms control landscape. The move to negotiate a fissile material cutoff treaty was an

ability and intentions of other fissile material producers.

Adherence by the nuclear weapons states to a cutoff treaty will provide further concrete evidence of their willingness to fulfill their obligation under Article VI of the nonproliferation treaty to pursue negotiations to end the nuclear arms race.

A cutoff treaty with universal membership would be a central and indispensable element in any verification regime for a world free of nuclear weapons.

Moreover, such a treaty would be a valuable security and confidence-building measure in regions of tension, such as the Middle East and South Asia, where some states have not been prepared to join the international nuclear nonproliferation and disarmament regime. A cutoff treaty would help to ease tensions in these regions and reduce the potential for nuclear arms races.

It is worth recalling that India's first prime minister, Jawaharlal Nehru, proposed a fissile material cutoff treaty in 1954. Now the Indian and Pakistani nuclear tests in May have realized the political forces that had blocked such a treaty since 1995.

Today the way is clear for the world to endorse such a treaty. It is an opportunity that must not be missed.

International Herald Tribune

gions, took lunch in the restaurant of the train. The bill came to 1,500,000 marks. On the return, within forty-eight hours, he was served with an identical meal, and the charge was 3,000,000 marks. The Minister is now a convinced supporter of the proposal for a Rhinebank currency of constant value.

### 1948: Anti-Tito Plot

## OPINION/LETTERS

**A Question About Clinton:  
Is He Still Able to Govern?**

By Thomas L. Friedman

**W**ASHINGTON — For the moment, the whole focus of the debate around Bill Clinton is whether he should be president anymore. But equally important is whether he can be president anymore.

On the issue of *should*, the public is divided, but a substantial majority still feels that Mr. Clinton should remain in office. They may think less of him, but they still think a lot of his agenda.

Whether that majority holds up in the face of the sordid details that will come out from the investigation by the independent counsel, Kenneth Starr, is unclear.

What might actually influence the public most is whether Mr. Clinton still can govern in any reasonably effective manner. In this regard, I am struck by the depth of anger among middle-level officials who came into government to work for Mr. Clinton. In recent days I have heard variations of the following sentiments from them:

"I really wanted to forgive the guy and move on. I really wanted to be able to defend him to my friends. But he gave me no ammunition. What he did with Monica said to me that satisfying his own sexual urges was more important than accomplishing his own agenda, because he was obviously ready to risk his whole agenda for that. I know Ken Starr is awful, but I just can't think of the president the same way anymore."

Indeed, it is hard to listen to what your president is saying when you cannot even look him in the eye, and right now there are an awful lot of officials and lawmakers who just cannot look this president in the eye.

It is not that they wanted to see the president cry in his nationwide address. It is not that they wanted to see him beg for mercy. It is that they wanted to see him do everything possible to be able to govern again and pursue something close to the agenda that enlisted their support in the first place.

They wanted him to draw a clear line between how he behaved before and how he intends to behave in the future, even though it may be fanciful to believe that he could ever change. But instead of drawing a line between who he was and who he intends to be, he just undermined his old self — blaming others, never quite apologizing and showing little sign that he recognized his misbehavior had created a problem, not just for his family but also for everyone who served with him and believed in him.

Unless Mr. Clinton can repair that damage, it is going to paralyze his ability to govern, whatever Mr. Starr does.

Look at last week. The U.S. attack on Osama bin Laden was an open-and-shut case. All the official experts agreed that

retaliation was warranted and necessary. Nevertheless, the U.S. retaliation was questioned, at home and abroad, as possibly having been motivated by the president's need for a diversion.

That tells me that even the most necessary things Mr. Clinton will do during the next two years will be challenged as never before.

And it tells me that the voluntary things he chooses to do — the legislation and foreign policy initiatives he puts forward that are not open-and-shut cases but rather his judgment calls, the hard calls — will be that much more difficult to accomplish, with his allies keeping a distance and his opponents more skeptical than ever.

Saddam Hussein has again halted all UN inspections. How would Americans react if tomorrow Mr. Clinton announced that his judgment was that America must now bomb Iraq?

For all those who would prefer to put this affair behind the country because there are simply more important problems to deal with; for all those who



voted for Mr. Clinton because they did not want to see a ban on abortions, or have their public school system gutted by vouchers or distorted by school prayers; for all those who want to see campaign finance reform, education reform and Social Security reform; for all those who care about programs like Head Start and welfare reform; for all those who preferred a philandering Bill Clinton to the second-rate Republican alternatives — for all of them, Bill Clinton needs to do whatever

it takes to prove that he can still be president, if it is not too late.

Because to have Mr. Clinton without any hope for Clintonism, well, that is not a pretty picture. He alone is just not worth the trouble anymore.

His supporters, indeed a majority of Americans, were always ready to overlook the failings in the man because of the virtues of the agenda. But if there is no hope for the agenda, what need is there for the man?

*The New York Times*

**Put America's National Interest First**

By Sam Nunn

**A**TLANTA — It is now clear that President Bill Clinton is primarily responsible for dragging America through seven months of preoccupation with the Monica Lewinsky story. The national interest required that he correct any false statements and apologize to the nation months ago.

Even for those who accept Mr. Clinton's definition of his behavior as "not appropriate," rather than deplorable, and accept his previous testimony under oath as "legally accurate," not perjury, it must be clear that for the past seven months he has placed his own personal interests far above the national interest.

The result is a weakening of the office of president, a lowering of moral discourse, the exposure of children to a negative role model, increased public cynicism toward elected officials as well as toward the political and judicial process and diversion of national attention from important domestic and international challenges.

Much that happens in the world, for good or for evil, depends on America and its leadership. There are serious dangers in Korea, in Iraq and in the Middle East, in Kosovo, in Bosnia and from terrorist attacks. Even when America is consumed with a presidential scandal, I believe that we will decisively respond to foreign aggressions, as Mr. Clinton demonstrated last week

dilemma. We are a nation of laws, but public opinion will influence and politicians will decide the final verdict. Congress is required under our constitution to make the final determination on the president's ability to govern, and only Congress can determine whether acts that may have been illegal warrant the president's removal.

I am hopeful that President Clinton can conclude his term as an effective leader, but only he can bring this matter to a conclusion without a protracted and crippling process, including possible impeachment proceedings.

In the weeks ahead, the president must lead by putting the country's interest first. This means a voluntary and complete disclosure of all relevant matters concerning alleged acts of illegality to the independent counsel, to the congressional leadership and to the American people.

This will require personal sacrifice and may even require his resignation, but it would fulfill the president's most important oath — to preserve and protect our nation.

The writer, a former chairman of the Senate Armed Services Committee, was a Democratic senator from Georgia from 1972 to 1996. He contributed this comment to *The Washington Post*.

in the justified U.S. retaliatory attacks on terrorist facilities.

But when the world has the impression that we are inattentive, or when there are deep suspicions and confusion as to the motivations for our actions, conflicts become much more likely.

Just as important, there are now serious economic and political dangers in Asia and in Russia that could adversely affect the United States and the world. They grow more dangerous when the world perceives that our nation is preoccupied, that our leader's credibility is seriously diminished and that Congress and the president are in discord.

Under these circumstances, on matters affecting our national security, it is essential that the maximum degree of unity between the executive and legislative branches be both achieved and perceived by the world. Congress must set aside its partisan strife and exercise responsibility in foreign policy. While the president and executive branch must confine to lead in this area, many issues

including emergency International Monetary Fund aid, fulfilling our international agreements and obligations and consideration of important intelligence reports — dictate that Congress be in a position to offer strong and timely responses to important presidential requests and actions.

During the difficult months ahead, clear congressional lines of responsibility on security and economic policy should be established either by expressed delegation to existing committees or through some new arrangement.

I suggest that the congressional leadership create two separate bipartisan panels — one on economic policy and the other on national security — that would cut across committee and party lines. Their focus should be on the world's danger spots as well as world economic and political events. These two panels should be kept fully informed by the president, the Defense, State and Treasury departments and the National Security Council, while keeping the congressional leadership and their colleagues informed during the long fall recess.

The president, Congress and the country must now answer this key question: Can trust be re-established so that Mr. Clinton can effectively govern? Presidential leadership on both the domestic and international fronts includes but is not limited to energy and intellect, which Mr. Clinton has in abundance. Or let the Republicans' election committee and its financial supporters adopt a new mode of campaigning: Have every candidate make a declaration under oath concerning the most important details of his or her private life. This would guarantee widespread public attention for practically no expense at all.

If the Republican Congress, currently at odds as to what legislation to generate before the midterm elections, wants to assure Americans of moral representation, it might consider a bill that would require any candidate for a seat in the House or Senate, or for the presidency, to be investigated for moral leadership.

Or let the Republicans' election committee and its financial supporters adopt a new mode of campaigning: Have every candidate make a declaration under oath concerning the most important details of his or her private life. This would guarantee widespread public attention for practically no expense at all.

There is no painless and safe exit strategy from our current national

**Their Real Aim Is to Annoy As Many People as Possible**

By Jeff Jacoby

**B**OSTON — Those who believe a government is responsible for solving every problem frequently believe as well that the ideal solution is one that irritates the maximum number of people.

To prevent undocumented immigrants from getting jobs, the government requires every employee to supply proof of citizenship and every employer to process the paperwork — even though the vast majority of

**MEANWHILE**

American workers are U.S. citizens. To fund drunk drivers, it sets up roadblocks that force every driver to stop and be hassled — even though nearly all drivers are sober.

Everyone is presumed guilty until he proves himself innocent — that is the Big Brother mind-set.

Which brings us to automobile emissions tests.

If you enjoy wasting time and money while accomplishing next to nothing, you must relish getting a new inspection sticker each year.

You find a service station that does

emissions tests, you pay the fee, a guy sticks a probe up your tailpipe, and a new sticker goes on your window.

Only a small minority of cars fail inspection, because only a small minority of cars pollute. But this is how government controllers operate: Every vehicle owner must be burdened so that a handful of dirty cars can be identified.

Now that burden is to be increased.

Washington is forcing 23 states to adopt "enhanced" tailpipe emissions tests that will prove even more annoying, expensive and time-consuming. In some states, the enhanced tests are already in effect.

The heart of the new test is a dynamometer, a treadmill-like device that simulates driving and enables auto exhaust to be checked even more precisely for pollutants. Dynamometers cost about \$50,000 each, more than most garages can afford to spend.

As a result, far fewer stations can perform the new tests, and those that do charge a lot more.

In Massachusetts, the number of garages where motorists will be able to get inspection stickers is likely to drop from 2,200 to 1,200. The fee will jump from \$15 to \$30.

So, tens of millions of car owners nationwide will be driving farther to

get their cars inspected, spending more time undergoing the test, and paying more for the privilege. Why?

Auto emissions tests are supposed to be critical in the fight against air pollution. In fact, they are little more than a revenue scheme for the state and a lucrative perk for service stations.

For the clean little secret of automobile exhaust is that it isn't very dirty. Since the Clean Air Act was passed in 1970, tailpipe emissions of carbon monoxide and hydrocarbons have dropped by a stunning 98 percent. Most cars do not pollute.

Annual inspections catch so few cars violating emissions standards because there are so few to catch: As much as 70 percent of automobile-generated air pollution comes from 10 percent of the cars.

Drivers are being milked. They are forked over billions of dollars to be told, in most cases, that their cars are just fine. Those billions are not promoting pure air or cleansing the environment. They are merely enriching state treasuries and providing income to garages.

If emissions tests were not required by law, they would be shut down for fraud.

Mandatory tailpipe inspections would be bad enough even if there were no better way to catch polluting vehicles. But there is.

At the University of Denver, the research chemists Donald Stedman and Gary Bishop long ago perfected remote-sensing technology that makes it possible to check emissions from cars driving along a highway.

Cars moving past a sensor are scanned by an infrared beam that instantly calculates the amount of pollution they are generating.

The arguments in favor of remote sensing are overwhelming. It is fast, accurate and cheater-proof.

It is also far better for air quality. Under the existing system, a car is free to spew pollution year-round — only when the owner brings it in for testing is he required to get it fixed. With remote sensing, that car will be stopped the first time it passes by.

Indeed, there is only one argument against on-road testing: It leaves most people alone. Which is why goats will fly before the existing system is abandoned. And why Americans will keep paying, year after year, for inspection stickers they don't need.

*The Boston Globe*

**LETTERS TO THE EDITOR****For Clinton, Against Starr**

William Pfaff's argument ("Clinton Should Take the Honorable Course and Resign," Opinion, Aug. 21) that the president's resignation would deprive the pundits of their soapbox thus allowing them to turn their attention to more weighty matters, does not convince. When has sacrificing a witch ever stopped a witch-hunt?

RICHARD SHEELEY  
Southsea, England

I voted twice for President Bill Clinton, and I have a constitutional right to see him finish his second term, preferably without hearing anything whatsoever about his private life.

IAN D. PEPPER  
Berlin

Anthony Lewis ("A Political Wolf in the Law's Clothing," Opinion, Aug. 23) has admirably and succinctly said the most important thing about the Clinton scandal. Politics dressed as law is truly dangerous for the future of the United States.

Are we Americans to allow Mr. Clinton to be unseated by an unelected zealot using taxpayers' money?

ALEXANDRA DRAZLER  
Paris

The real villain is Kenneth Starr, whose motives are politics and pure

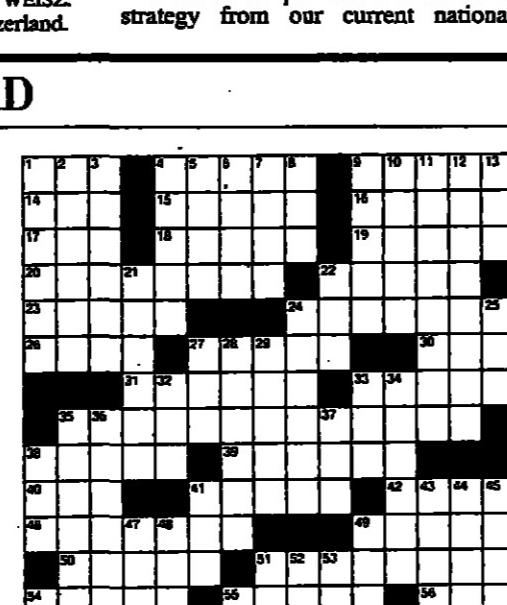
**CROSSWORD**

**ACROSS**

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**Solution to Puzzle of Aug. 25**

**MODERN** **IRAQ** **GELT**  
**EBOLI** **SITU** **UVSEA**  
**DIGIN** **ACTI** **YIPS**  
**FASHION** **ON PLATES**  
**CIVI** **TAD** **SNARE**  
**RIGORS** **FONDA**  
**OCHRE** **JANE** **SHAS**  
**SATELLITES** **DISHES**  
**GRS** **IVES** **SUOMI**  
**CREED** **LABREA**  
**APPLY** **CUB** **TNN**  
**FLYING SAUCERS**  
**LURE** **ROCK** **LIT UP**  
**AMMO** **LOOSE**  
**TEXT** **BEER** **ASPEN**



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## INTERNATIONAL

**American Missile Strike Angers a Moderate Sudanese, Too**

By Jane Perlez  
*New York Times Service*

**KHARTOUM.** Sudan — A normally serene scholar of Islam named Abdurrahman Abuzayd, who believes passionately in the wisdom of his religion and its values, is furious at the United States.

He is no friend of the National Islamic Front's government in Sudan. Indeed, two years ago, it burned his office at the university he led and forced him to step down. He also is unhappy that the government once invited Osama bin Laden, considered a top financier of terrorism by the United States, to take refuge in his homeland.

But sending cruise missiles, he says, is no way to deal with extremists — and no way to deal with a government that the United States says allowed a factory to make a component of nerve gas.

"As a Sudanese I'm mad," Mr. Abuzayd said as he sat on his veranda, which looks over an urban landscape of low-slung, khaki-colored homes, a sun-baked dusty road and an occasional

wandering goat. "O.K., we have problems with this regime. But we solve them ourselves. Now the Americans have come and given it a big shot in the arm."

He has the same concern about Mr. bin Laden, whose image is now flashed around the world. "The Americans have suddenly created a Muslim hero out of him, whereas last week he was considered a fanatic nut," Mr. Abuzayd said. "Now he is a hero in Saudi Arabia, in Islamabad, in Cairo, in all capitals of the Muslim world."

The United States has made serious missteps, he said, first by failing to convince the Muslim world that Mr. bin Laden was responsible for the bombings of American embassies in East Africa and then by attacking Afghanistan and Sudan.

"By its strikes in Afghanistan and here, America did not eliminate terrorism," Mr. Abuzayd said. "This is not terrorism — this is a resurgent Muslim world. You don't deal with it with cruise missiles, you discuss it. You don't rub the entire Muslim world's

nose in the dirt and make it kneel."

Mr. Abuzayd is upset because he has long articulated an Islam that is tolerant and free of corruption. At Omdurman Ahlia University, a private institution largely financed by the Kuwaiti government, he introduced a wide range of

reinforce anti-Western sentiment in Sudan, which has become increasingly isolated in the last five years.

The U.S. Embassy here closed nearly two years ago, after the United States contended that the Sudanese government had not done enough to close down camps for training terrorists.

Many European embassies have scaled back as their governments have cut aid to Sudan.

Before, it was not uncommon to see a European face on the ramshackle streets of the capital. Now it is rare.

Most Western officials concede that the training camps have been closed. Mr. Abuzayd also said he believed that the camps had been shuttered — in part, he said, because the government had established a network of domestic security services and did not feel the need for the extra security that the training camps provided.

The government also acquiesced to demands from the United States and some moderate Arab countries that Mr. bin Laden be expelled in 1996.

**You don't rub the entire Muslim world's nose in the dirt and make it kneel.'**

courses for male and female students and tried to keep the radical influence of the Islamic Front at bay.

After being forced out, he was hired by the UN high commissioner for refugees for an unusual task: to travel as a Muslim scholar among the Taliban in Afghanistan to talk about questions of justice and education.

He believes that most of his countrymen believe in his kind of Islam, too. But now he and others here complain that the unilateral American action will

## Abu Nidal, Foe of West, Is Reported Held in Cairo

By Robin Wright  
*Los Angeles Times Service*

**WASHINGTON** — Abu Nidal, the Palestinian hard-line leader of a deadly guerrilla network in the 1980s made him one of the West's most wanted enemies, is being detained in Egypt, according to U.S. officials.

Abu Nidal was apparently detained after he crossed the border from Libya, where he has been living for several years. The Egyptian government has informed Washington of his detention, but U.S. officials know few details, the sources said.

A recent report in the Arabic-language newspaper *Sharq al-Awsat*, which is published in London, said that Abu Nidal was gravely ill with cancer in a private hospital in Cairo.

"Abu Nidal" is an assumed name, meaning "Father of the Struggle." His birth name is thought to be Sabri al-Banna.

The detention of Abu Nidal comes just days after a U.S. cruise missile attack on targets in Afghanistan and Sudan allegedly linked to the recent U.S. embassy bombings in Africa. And Secretary of State Madeleine Albright of the United States announced Monday that her country and Britain had agreed to a compromise that would allow two Libyans charged in the 1988 bombing of Pan Am Flight 103 to be tried under Scottish law in a court in The Hague.

"The delays in bringing the suspects to trial have gone on for far too long," she said.

In the wake of the Aug. 7 bombings of the embassies in East Africa, which killed more than 260 people, including 12 Americans, the United States is escalating its efforts to deal with some of its enemies.

In New York, U.S. diplomats asserted to the United Nations Security Council on Monday that a guerrilla network headed by Osama bin Laden, a Saudi exile, had been tied to 18 attacks in recent years. U.S. officials said they believed that Mr. bin Laden was the organizer of the embassy bombings.

Now that it has detained Abu Nidal, Egypt faces the difficulty of deciding what to do with a man accused of organizing attacks in 20 countries that killed or injured almost 900 people.

Abu Nidal is accused of organizing the twin 1985 attacks on the Rome and Vienna airports, the 1986 capture of Pan Am Flight 73 and the killings of several leading figures in the Palestine Liberation Organization.

Abu Nidal split from the PLO in 1974, when it began to explore political routes to securing a Palestinian homeland.

Egypt has publicly denied persistent reports about his detention. U.S. officials say the government of President Hosni Mubarak has privately expressed concern about the potential popular reaction.

Abu Nidal is thought more likely to benefit from sympathy among the Egyptian public since last week's U.S. missile attacks. Islamic Jihad in Egypt is Mr. bin Laden's closest ally.

A U.S. State Department publication, "Patterns of Global Terrorism, 1997," says that Abu Nidal's organization has diminished in size and importance in recent years but still has several hundred members. The group has not targeted Western facilities or personnel since the late 1980s, the publication says.

In the early 1990s, supporters of Abu Nidal clashed with other wings of the Palestinian movement. Abu Nidal is suspected by some intelligence agencies of involvement in the 1991 killing of Abu Iyad, the political heir apparent to Yasser Arafat, the Palestinian leader.



A Pakistani policeman guarding a street in Karachi. Middle-class Pakistanis voice concern about militant Islamic fundamentalists harnessing public anger in the wake of U.S. missile strikes and economic sanctions.

## PAKISTAN: Militants Seize on Instability

Continued from Page 1

**Maqvi, head of research for International Asset Management Co. in Karachi, the country's largest city, "if conditions continue to deteriorate, the moderate elements in our society will be increasingly marginalized, and it will be all too easy for the fanatics to rear their heads."**

Judging from the range of accusations against Mr. bin Laden by U.S. officials, the indictment could pertain to a host of alleged crimes. Mr. bin Laden is suspected in numerous attacks against Americans and has claimed a hand in killing U.S. servicemen in Somalia during Operation Restore Hope in 1993 and attempting to bomb U.S. troops in Yemen in late 1992.

The New York grand jury is reported to have gathered evidence last year in an attempt to show that Mr. bin Laden had been funneling funds from the Middle East to groups in several U.S. cities.

Kenneth Katzman, a senior Middle East analyst and terrorism expert at the Congressional Research Service, has said that the grand jury had been reviewing evidence earlier this year that tied Mr. bin Laden to a 1995 bombing at the Saudi National Guard headquarters in Riyadh that killed five U.S. servicemen.

In February, Mr. bin Laden and other members of a coalition called the International Islamic Front for Jihad Against the Jews and Crusaders urged Muslims everywhere to kill Americans all over the world "in accordance with the words of Almighty God."

"The ruling to kill the Americans and their allies — civilian and military — is an individual duty for every Muslim who can do it in any country in which it is possible to do it," the edict says, adding that the goal is for U.S. "armies to move out of all the lands of Islam, defeated and unable to threaten any Muslim."

At the time the edict was issued, the Counterterrorism Center of the Central Intelligence Agency said it was the first instance in which Mr. bin Laden had broadened his threats to include U.S. civilians.

**Plot Against Clinton**

Mr. bin Laden directed his followers at least twice to kill President Bill Clinton, but neither attempt was ever made, The Associated Press reported Tuesday, citing several newspaper reports.

The first assassination attempt was to take place when Mr. Clinton visited the Philippines to begin a trip to Asia on Nov. 12, 1994, but it was abandoned because of heavy security, Newsday reported, citing counterterrorism and intelligence sources. Ramzi Yousef, later convicted in the 1993 World Trade Center bombing, was to have been the hit man, the New York Post reported.

U.S. officials say they still are determined to make Baghdad comply with UN resolutions. But they also acknowledge privately that lack of support in the badly divided Security Council and concern about a possible voter backlash against any military action in this autumn's U.S. elections has caused the administration to adopt the more limited policy of hoping that sanctions pressure eventually will wear Iraq down.

In fact, during the past week, as the United States has conducted missile strikes against terrorists in Afghanistan and Sudan, Iraq has slipped quietly to the rear of the administration's most pressing foreign policy concerns. That, some U.S. officials privately acknowledged, is in line with Washington's new tactic of being patient and waiting to achieve its goals through attrition.

U.S. and British diplomats revealed their intention to seek suspension of sanctions reviews after Secretary-General Kofi Annan's special envoy, Prakash Shah, reported to the council Monday that his efforts in Baghdad last week to find a solution to the inspection impasse had been rebuffed by the Iraqi deputy prime minister, Tariq Aziz.

Mr. Shah said that since the Iraqis believed he had "no proposals to negotiate with them, they had no reason to change their position."

Mr. Yousef told FBI agents he planned to use missiles or explosives while Mr. Clinton was in a motorcade, Newsday said. The Post said a chemical attack was also considered.

A second attempt was apparently planned for Pakistan in February, when Mr. Clinton scheduled — but later canceled — a visit.

Mr. Yousef admitted his plan to kill Mr. Clinton to FBI agents who were escorting him from Pakistan to New York in 1995 for his trial in the bombing, the sources said. He did not identify Mr. bin Laden as the mastermind, the sources said.

But one of his co-defendants, Wali Khan Amin Shah, once a top aide to Mr. bin Laden, told authorities in New York recently that the order to assassinate Mr. Clinton had come from Mr. bin Laden. Unidentified U.S. officials said.

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Although the United States struck at the Shifa plant, officials in Washington

ing a campaign to oust the Sharif government. Jamiat-ul-Ulema, another religious party, has joined in.

"All the political forces are united against the government," said Hafiz Hussain Ahmed, vice president of Jamiat-ul-Ulema. "We will make a revolution."

The U.S. missile strikes last week have sparked a torrent of anti-American rage — and widespread accusations that the Sharif government cooperated with the United States in launching the attacks. At demonstrations throughout Pakistan, marchers have denounced President Bill Clinton and Mr. Sharif with equal fervor.

As middle-class Pakistanis feel the squeeze, more people are calling for extreme measures to deal with the country's economic woes. Some worry that the military, which has stepped into civilian affairs often in the nation's 51-year history, will feel tempted to do so again. Ultra-orthodox religious parties have begun demanding an end to the Sharif government and a repudiation of Pakistan's foreign debt.

Jamaat-i-Islami, a fundamentalist party that boasts 4 million members, announced this month that it was launching

by the Pakistan-aided Taliban — who have seized key cities in northern Afghanistan, giving the militia control over most of that country — has rejuvenated religious schools in and around Peshawar were one of the breeding grounds for the Taliban movement, which in 1996 seized control of Kabul. Refugee camps along the border also helped spread the Taliban's extreme form of Islam in Pakistan.

"Who will save Pakistan?" asked one person carried at a protest march last week in Islamabad. "The Taliban!"

"The people have lost confidence in the system," said Sardar Sher Baz Marziani, a former member of Parliament. "The prospect of disintegration is very real."

Many observers predict that the prime minister will not have the muscle to force the changes necessary to save the economy — or himself. With former Prime Minister Benazir Bhutto discredited, they wonder to whom Pakistanis will turn.

"People are losing faith in the democratic system," said Adeel Malik, an economist in Islamabad. "When the ballot box doesn't work, people turn to the bullet."

**Setback for Virus Researchers in Arctic**

*The Associated Press*

OSLO — Scientists seeking to recover samples of one of the world's deadliest viruses from frozen bodies in an Arctic graveyard uncovered seven frozen bodies Tuesday that were too decayed to be useful.

It was not clear whether the bodies were those of the seven victims of the Spanish flu believed to have been buried in the permafrost of the Svalbard Archipelago of Norway.

The team hopes that finding frozen remnants of the virus could help them figure out its genetic profile, thereby potentially suggesting ways to develop vaccines against other killer flus.

The Spanish flu killed an estimated 20

million to 40 million people worldwide in 1918 and 1919.

The search for the virus led investigators to the graveyard, where seven flu victims were buried. But the diggers came across coffins at a much shallower depth than expected.

Tom Bergan, the Norwegian coordinator of the team, said several of the coffins had broken lids and contained human bones but no tissue from which samples could be taken.

Ground-radar probes had indicated that the graveyard could contain more bodies than those of the seven coal miners whose names are given on markers. Mr. Bergan said the team would continue to dig.

## VX: Iraqi Scientists Helped Produce Nerve Gas at Chemical Plant in Sudan, U.S. Says

Continued from Page 1

to the production of VX as compelling and even irrefutable, though until Monday the administration refused to discuss the evidence in any but the most general way.

The officials, who spoke on condition of anonymity, said the soil sample, collected outside the factory, contained traces of a "precursor chemical" called ethyl methylphosphonothioate, or EMPTA. There would be no viable explanation for the presence of that chemical, they said, other than the production of VX.

"You don't obtain this chemical because you're making ballpoint pens or whatever," an administration official said. "If you're making this, you're making VX."

VX is an odorless, colorless liquid that can kill with remarkable speed. A mere drop on the skin or inhaled in the lungs is enough to kill an adult within minutes. There are a number of ways to make the agent, but the officials in Washington and other American and foreign officials said the technique using EMPTA is one that Iraq used to develop its own VX stockpiles in the 1980s.

Officials in Washington and at the

United Nations said there were a number of other factors linking Iraq to the pharmaceutical plant, as well as a second facility.

Earlier this year, President Saddam Hussein's government asked the committee that monitors UN sanctions to allow it to buy medicines from the factory under the "oil for food" program that allows humanitarian supplies into Iraq.

Antonio Monteiro, Portugal's representative to the United Nations and this month's president of the sanctions committee, confirmed the request, but the officials said it was not clear what medicines were ordered or whether any were delivered.

Although the United Nations closely monitors goods purchased under the "oil for food" program, the officials said the contract could have provided a pretext for extensive visits by Iraqi officials.

A senior intelligence official said that a leader of Iraq's chemical weapons program, Emad Ani, had close ties with senior Sudanese officials at the factory. The official said a number of Iraqi scientists working for Mr. Ani had attended the grand opening of the factory two years ago.

While the administration maintains that the evidence of VX production is clear, the links between the factory and Osama bin Laden, the Saudi exile whose network of terrorists was the target of last week's strike, is circumspect.

The officials said Mr. bin Laden had no

acknowledged that the second plant is also suspected of making chemical weapons. That site, according to diplomats in New York and Sudan, has been frequently visited by Iraqi technicians and was more heavily guarded than Shifa Pharmaceutical.

But it also is in a residential neighborhood, and officials familiar with planning for the cruise missile strikes said the fear of collateral damage was a factor in choosing a target.

Although the administration offered details about its evidence, there were still unanswered questions. The soil sample, which presumably measured either a spill or airborne particulates, did not prove that the attacked factory was the pharmaceutical plant that produced the precursor chemical, EMPTA.

"It's conceivable they were only storing EMPTA there, or it was just passing through there," the senior intelligence official said. "You could spin several scenarios."

While the administration maintains that the evidence of VX production is clear, the links between the factory and Osama bin Laden, the Saudi exile whose network of terrorists was the target of last week's strike, is circumspect.

The reason for the visit, which was first reported on Monday in The Wall Street Journal, was to reassure Pakistan that the barrage of incoming missiles was not an attack by its archenemy, India.

## STAGE/ENTERTAINMENT

# Black Tie Required: Venice Gets Glitz for Film Festival

By Roderick Conway Morris  
*International Herald Tribune*

**V**ENICE — The principal cosmetic innovation, or perhaps retrogression, of this year's Venice Film Festival, which runs from Sept. 3 to Sept. 13, is the re-introduction after 20 years of the black-tie rule for the inauguration and the prize-giving ceremonies.

The reimposition of *lo smoking*, as the dimer jacket known in Italian, is apparently the bright idea of the backroom boys of the Venice Biennale, which also runs the film festival, rather than that of the arty, bearded and habitually casually dressed Felice Landadio, in his second year as artistic director.

In an additional attempt to add glitz to the occasion, the organizers are to concentrate presentations, press conferences and so on, at the Excelsior Hotel, the Lido's Rudolph Valentino-esque ar-

chitectural extravaganza, with its Moorish domes, minarets, courtyards, fountains and hall of mirrors. The festival is to have been opened by Sophia Loren, who is to receive a Golden Lion for lifetime achievement (along with the Polish director Andrzej Wajda). Since Loren has been taken ill in the United States, the prize will be collected by her husband, Carlo Ponti, and her sons.

Proceedings will be closed by Maria Grazia Cucinotta, who won international fame in Michael Radford's Oscar-winning "Il Postino" and whose voluptuous Mediterranean looks have led admirers to describe her as "the new Loren."

A screening of "Saving Private Ryan" will inaugurate the proceedings, with Steven Spielberg and Tom Hanks in attendance. The prospect of the arrival of the 80-year-old Spielberg circus, however, has strained already booked-up hotels. With 200 and more celebrities and followers yet to find a bed, Landadio has

proposed accommodating them on a chartered cruise ship moored in the lagoon. Meanwhile, Venice's licensed water-taxi drivers are threatening to go on strike for the duration of the event to protest a plan to legitimize the legion of pirate operators, who have already menaced the festival with disruption if their demands are not met.

Also to receive world premieres in the out-of-competition category are James Ivory's "A Soldier's Daughter Never Cries"; the Indian director Shekhar Kapur's costume drama of the Virgin Queen "Elizabeth"; Claude Lelouch's "Hazards on Coincidences"; and Woody Allen's "Celebrity."

Venice's forces of law and order were not so relieved to learn that Leonardo DiCaprio, who has a cameo role in the latter film, was not invited, and that the tearyboppers will have to make do with a glimpse of Kenneth Branagh and the director himself.

Of a duo of Italian films in this section perhaps the most eagerly awaited is "Incontro Proibito" ("Forbidden Meetings"), directed by and starring the veteran Alberto Sordi with the blonde Italian starlet Valeria Marini. Bigas Luna's heartless overexposure of Marini's physical amplitude and acting shortcomings in "Bambola" caused a near riot at its premiere here a couple of years ago — a repetition of which the soberly dressed supremos of the 55th Venice Film Festival will be hoping to avoid.

Closing the event will be the German director Doris Dörrie's "Bin Ich Schoen?" ("Am I Beautiful?"), whose title suggests some progress in the self-esteem stakes, seeing that her last film was "Nobody Loves Me."

The in-competition lineup also promises to bring a fair crop of stars to the Lido. Among them will be Catherine Deneuve, who is in Nicole Garcia's "Place Vendome"; Emmanuelle Béart,

in "Voleur de Vie" ("Stolen Life"); Meryl Streep, in the Irish film "Dancing at Lughnasa"; and Warren Beatty, writer, director and star of "Bulworth." Of the 19 in-competition productions, four are from the United States and three each from Italy and France. Argentina, Britain, Germany, Iran, Ireland, Portugal, Romania, Spain and Yugoslavia are represented by one each.

Once again in the "Nights and Stars" section Venice will be serving as a European launching pad for a number of other American productions: including Peter Weir's "The Truman Show," Andrew Davis's "A Perfect Murder" (starring Michael Douglas and Gwyneth Paltrow), Spike Lee's "He Got Game" (with Denzel Washington in the lead) and Bob Rafelson's "Poodle Springs," scripted by Tom Stoppard from Raymond Chandler's unfinished novel, with James Caan as the private detective Philip Marlowe.

But also to be premiered here will be Canadian, French and Italian films, such as the French director Roger Planchon's Belle Epoque bio-pic "Laurel."

## A Jazz Role Model Accentuates the Positive

By Mike Zwerin  
*International Herald Tribune*

**M**ARCIAC, France — It's risky to conclude that Dave Yarborough is for real. Still, the more you learn about him the more you are sure. To begin with, his positive eye contact and body language and artless tone of voice are above and beyond good acting.

Yarborough, 45, is the founder and director of the Jazz Studies Program at the Duke Ellington School of the Arts, a multidisciplinary high school in Washington. It is divided into programs such as music, visual arts, media and dance, and each of its 500 students has passed an audition. This month, the school's jazz band the New Washingtonians, Yarborough directing, performed at the Marcias Festival in the department of the Gers, southwestern France. One of many vivid images:

Backstage. Surrounded by his shy young charges literally leaning on him, Yarborough was squeezing into dressing rooms to introduce them to Randy Brecker and Roy Hargrove and other big-name players who were also on the bill that night. It was apparent that he did not know them all that well himself. Looking like a groupie is embarrassing, but for the kids come first."

Parents served as chaperones. They were volunteers, although Yarborough said: "Sometimes I 'volunteer' them.

One of the mothers is a nurse; a couple of the kids have allergies."

When the band recently played the Montreux festival in Switzerland, the pianist Nicholas Mack was in a car accident that left him in a coma and possibly with brain damage. It was feared that he might never walk or talk again. Yarborough brought cassette tapes with music Mack liked to the hospital and, as Marcia Slacum Greene wrote in a front page feature on him in The Washington Post in May, "he worked his way around bandages and tubes" to slide earphones on the unconscious patient. It was only clear that Mack would pull through when he began tapping his fingers.

The French ambassador in Washington plays the guitar. He'd visited the school. He and Yarborough have an acquaintance in common — the trumpet star and Pulitzer Prize-winning composer Wynton Marsalis, who had also visited the school. The ambassador was aware that Marsalis had fallen in love with the warm hospitality and healthy quality of life in Marciac. He conducts workshops and performs here just about every year. And the ambassador knew how important the festival is to the tourist economy of the Gers. At his request, Marsalis played a benefit at the French Embassy to raise funds to transport the Ellington School's band to this year's festival.

Yarborough looked genuinely amazed as he said: "It's amazing. Wynton always accepts my calls." He is in the process of mastering the art of applying for subsidies and suspends. Since the feature in the Post in May, both "60 Minutes" and Reader's Digest have asked Yarborough for interviews. The benefit was a success.

He gets to the school as early as 7:30 A.M. and leaves at 5. He performs and composes in addition to his teaching career. For awhile he played for a musical comedy in the early evening and in a club later on. You heard his saxophone on "The Cosby Show." He released his third CD, "Love Tones" (Swing Records). There was no time for his wife and daughter.

**W**HEN he compares his schedule with Marsalis', however, he stops feeling sorry for himself. Marsalis is the director of the Lincoln Center jazz program, he puts out album after album, composes, travels to conduct orchestras and master classes, and is active in many media projects.

Yarborough's "cosmic Wynton story" involves trying to find a basketball court after midnight. Marsalis had arranged to admit some Ellington School students to one of his concerts. When it was over, he asked them if they wanted to play basketball, but they could not find an open court at that hour. They dropped Marsalis at his hotel at 4 A.M., and he was there all night. "Do you want to experience something new?" he asked them.

His five brothers and sisters all went to college like he did. His father was a cab driver: "My father set an example. He told me, 'If you have a family, you take care of it.' I have a family. Plus these kids inspire me. I feel blessed. I'm doing what I was born to do."

## BOOKS

### AMERICAN DREAMS

By John Jakes. 495 pages.  
\$24.95. Dutton.

Reviewed by Carolyn See

**T**HERE is no end to these books. When he's dead John Jakes will be sending them to us from the cemetery and they'll be all about the people in cemeteries, how they're related to one another and what kind of coffin they could afford, and whether they managed to be buried on a hill, and who originally acquired that hill back when the town was just a settlement and also about the people who chose to be cremated, including quirky Aunt Lila who bought her own marble urn before she even died, and where that marble came from and who went into the marble-carving business — they would be the Roman Catholics, who have a cemetery of their own, over on the other side of town. And the plot would include as well a stony-faced patriarch who made his fortune in cemetery plots and a flock of rebellious sons and daughters who turn up their noses at the funeral business.

But what's not to like? The prose style is leaden, but so

was Theodore Dreiser's. These John Jakes books are history lessons, full of names, dates, fashions, things to eat, tour boats, afternoon excursions, gaslights, coal lamps and extra-bright electric chandeliers. People are always getting into carriages and getting out of carriages, getting into cars and getting out of cars — it's very soothsaying, and you soon have the hazy illusion that you might be learning something.

"American Dreams" is the second volume of the Crown Family Chronicles, so we're already a little bit past the German American patriarch who made his Midwest fortune in beer. We're up to an older brother who dabbled in socialism back in Volume 1, got involved in some strike-breaking violence and now lives as a semi-invalid. The other siblings are far more interesting — Carl, who hates the beer business and becomes a race driver only to switch his interest to planes, and Fritzi, an angular girl with permanently tangled hair who defies her father and goes to New York to be a stage actress, and then switches her interest to business.

Across the Atlantic there's

a stick-figure cousin, Paul, who takes pictures of every historical event the author can think of between 1906 and 1916. This would take care of everything that doesn't fall under the heading of cars, planes, the stage and movies — things like the Mexican Revolution and extensive parts of World War I.

Fritzi is the closest thing to a human character here. Jakes is wise not to create her as standard beautiful blonde:

She's already 26 when the action starts, and not getting any younger. She's flat-chested (enhancing her meager endowments with a couple of "gay deceivers") and nearly starves in New York for several years as a mediocre actress.

Her idol is Ellen Terry and any thought of making movies is abhorrent to her.

Jakes is wise as well in focusing, during these early years, first on the East and then on the West Coast, when the movie business was all about cameras and who owned them, as well as bad weather, and why those cameras might not work. Actors roamed the streets of New York, and the wilderness of New Jersey, putting together the most primitive stories, with no idea at all that they might be involved in anything like "art."

So, what's not to like? I guess only that thing you see in newsmagazines sometimes: If what they're talking about is far away, you believe it — the floor plan of Henry Ford's original factory sounded right as rain to me, but then the action switches to California, where Fritzi rents a room from a Chinese landlord (except that Chinese couldn't own land at that time), finds a vase of California poppies waiting for her (except that the whole world knows poppies don't hold up as cut flowers more than 10 minutes), and brother Carl hikes from Los Angeles to Riverside and gets there in a couple of hours, when you'd be lucky to make that time on the freeway in a car.

What if the whole novel is like that? What if car-guys find millions of mistakes about cars, and brewers say, "Wait a minute, this isn't the way we made beer!" It probably doesn't matter. Truth becomes fiction the minute we live it and begin to shade it with our individual memories anyway. This may be just an anodyne approximation, full of a zillion tiny facts and artifacts, amiable, anesthetized, numb.

Carolyn See reviews books regularly for *The Washington Post*.

### BEST SELLERS

The New York Times		
Week	Last Week	On Sale
1 RAINBOW SIX, by Tom Clancy	4	101
2 POINT OF ORIGIN, by Patricia Cornwell	1	5
3 HOW MUCH IS TRUE, by Wally Lamb	2	8
4 SUMMER SISTERS, by Judy Blame	1	10
5 THE FIRST EAGLE, by Tom Clancy	3	12
6 MESSAGE IN A BOTTLE, by Nicholas Sparks	4	18
7 BURKE JONES'S DIARY, by Helen Fielding	5	10
8 A NIGHT WITHOUT A HOME, by Judith Kildare	7	5
9 REVENGE OF GLASS, by Andre Aciman	9	39
10 A WIDOW FOR ONE YEAR, by John Irving	12	15
11 THE GIRL AND I, by Diane Swan	6	8
12 COLD MOUNTAIN, by Charles Frazier	11	59
13 LOW COUNTRY, by Anne Rice	10	6
14 QUITE A YEAR FOR PLUMS, by Bailey White	13	3
15 COAST ROAD, by Barbara Delinsky	3	11
FICTION		
1 ANGELA'S ASHES, by Frank McCourt	4	101
2 THE MILLIONAIRE NEXT DOOR, by Stanley and William D. Danko	5	83
3 BIRDS SWIMMING, by Malachy McCourt	6	10
4 CITIZEN SOLDIER, by Stephen E. Ambrose	10	21
5 THE FIRE, by Ron Chernow	9	12
6 THE AGE OF INNOCENCE, by Edith Wharton	12	8
7 DAUGHTERS, by Colleen Roberts	8	16
8 THE GIFT OF THE MAGI, by O. Henry	7	19
9 CONVERSATIONS WITH GOD: Book 1, by Neale Donald Walsch	8	2
10 JOURNEY ON THE DEEP BLUE SEA, by Gary Kinder	12	8
11 MIDNIGHT IN THE GARDEN OF GOOD AND EVIL, by John Berendt	13	214
12 PHILISTINES AT THE HEDGEROW, by Steven G. Kellman	15	7
13 THE MAN WHO LISTENS TO HORSES, by Mary Roberts	14	53
NONFICTION		
1 TUESDAYS WITH MORRIE, by Mitch Albom	1	44
2 A PIRATE LOOKS AT FIFTY, by Jimmy Buffet	2	10
3 A WALK IN THE WOODS, by Bill Bryson	3	11
ADVICE, HOW-TO AND MISCELLANEOUS		
1 SUGAR BUSTERS, by H. Leon Chaitin	1	15
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## INTERNATIONAL BUSINESS / FINANCE

WEDNESDAY, AUGUST 26, 1998

PAGE 11

**A Brand for the Ages****Descendant Builds a Business on Confucius**

By John Pomfret

Washington Post Service

QUFU, China — At 80, Kong Demao does not look like the chairman of the board of three Chinese liquor companies and a travel agency. The soft-spoken Chinese grandmother, who has decorated her Beijing apartment with teddy bears and plastic flowers, admits to being ignorant of the ways of commerce, profit and loss.

But Miss Kong has something that every business seems to want these days in China, where a weakening economy and competition among thousands of companies has driven prices down and many businesses to the brink of bankruptcy. Miss Kong has a name. And what a name it is.

Miss Kong is one of two surviving members of the 77th generation of the family of Confucius, the great Chinese sage. Since the early 1990s, she has been the nominal chairman of three distillers in the Qufu region, the ancestral home of Confucius, who is believed to have lived from about 551 to 479 B.C.

Until 1993, the businesses were competing against each other despite

all being nominally led by Miss Kong. Two of the companies merged recently and have ganged up against the third.

Miss Kong's leadership of the company, and their use of Confucius's name in advertisements and on brand names, underscores just how far China has come in embracing cash and kitch over culture since economic reforms began 20 years ago.

It also illustrates the remarkable way in which China's relationship with its greatest scholar has changed since the Cultural Revolution, during which Miss Kong was sent to a labor camp for 10 years simply for having the wrong surname.

While the Chinese have never considered Confucius a god, his place in the pantheon of Chinese philosophers is unshaken. He bequeathed to China a system of ethical precepts for the proper management of society.

"Right now everyone in China is supposed to study Deng Xiaoping thought," said Qin Zhenxin, the factory director at Confucius Family Group, one of the three liquor companies headed by the elderly Miss Kong.

See CONFUCIUS, Page 15



Kong Demao, one of two surviving members of the 77th generation of descendants of Confucius, has parlayed the name into a brand.

**Korea Still in 'Shock' Despite IMF Bailout****A Vicious Cycle: Fewer Jobs and Fewer Exports**

By Don Kirk

International Herald Tribune

SEOUL — The number of unemployed South Korean workers shot up to a 32-year high of 1,651,000, or 7.6 percent of the total work force, in July while exports and imports fell, according to statistics released Tuesday.

The parallel between rising unemployment and declining exports alarmed experts, who saw the economy on a steady decline despite a rescue package of nearly \$60 billion pieced together by the International Monetary Fund in December.

"Korean enterprises are in deep recession, so the bankrupt enterprises have generated unemployment while exports are going down," said Choi Chang Jip, the chairman of the presidential commission on policy planning. "Most of the Korean economy cannot escape from this kind of shock."

Korea grossed \$10.16 billion from exports in July, compared with \$11.8 billion a year earlier, the Ministry of Foreign Affairs and Trade said Tuesday. Imports plunged to \$7.09 billion from \$12.64 billion a year earlier. On July 1, the government lowered its forecast of exports for the year to \$143 billion from \$147.5 billion.

Mr. Choi predicted that total unemployment would rise to 2 million, or 9 percent of the work force, by December as the economy descends to its lowest level since what Koreans call the "IMF crisis" broke last November, when companies realized they could not repay their loans.

The Korea Development Institute, a government think tank, estimates that the economy is likely to contract by 4.2 percent this year.

The government is to release its first estimate of second-quarter gross domestic product on Friday. The Posco Research Institute predicted that the GDP figure would show contraction at an annualized rate of 6.6 percent, Bloomberg News reported.

"That's catastrophic," an executive of the research institute, who asked not to be named, told Bloomberg.

The latest unemployment statistics, revealed by Labor Minister Lee Ki Ho, showed that the number of Koreans out

of work by the end of July had increased by 122,000 from the end of June, when 7 percent of the work force was jobless. It was the largest jump in a single month since March, when unemployment rose from 1,235,000 to 1,378,000, or 6.5 percent of the work force.

Mr. Lee said the unemployment figures did not include nearly 1.5 million people who were either underemployed or discouraged that they had given up looking for work. He agreed with estimates of labor leaders that about 3 million members of the work force were either jobless or employed less than 18 hours a week.

The social safety net is not sufficient," he said, observing that only about 50 percent of regular wage-earners were eligible for benefits, which lasted for only two to six months. The social welfare program at this stage does not cover day laborers, a major segment of those in need.

He said, however, that the settlement of a strike by Hyundai Motor Co. workers on Monday marked "the very first use of layoffs" and predicted that other companies could now dismiss unneeded workers by early retirements and layoffs without risking prolonged strikes.

"Consumer sentiment is frozen because of the uncertainty," Yun Hang Jin, an economist at the LG Research Institute, told Bloomberg. "People are anxious that they will be fired."

Hyundai on Tuesday opened the doors of its main plant, in the southeastern industrial city of Ulsan, for the first time in six weeks, after its militant union agreed to accept layoffs of 277 workers. The company predicted assembly lines would be rolling again by the weekend.

The figure of 7.6 percent unemployment was the highest reported in Korea since 1966, when the country was still recovering from the ravages of the Korean War and entering an era of industrialization marked by massive increases in productivity and exports.

Per-capita gross national product rose to an all-time high of about \$10,000 last year before falling to its current level of about \$7,000.

The Ministry of Finance predicts that per-capita GNP will fall to \$6,200 this year.

**Global Outlook Sours Early Wall Street Rally**

Compiled by Our Staff From Dispatches

**NEW YORK** — Blue-chip stocks rose Tuesday after markets rallied around the world, but strong gains posted early in the day were largely wiped out in afternoon trading amid continued worries about the global economic backdrop.

The Dow Jones industrial average finished 36.04 points higher, at 8,602.65.

Advancing issues narrowly outnumbered declining ones on the New York Stock Exchange. The Dow had

been up by more than 100 points early in the day.

U.S. bonds rose for the third time in four days as a strong dollar, falling commodity prices and expectations that turmoil in world financial markets will not be resolved soon pushed investors toward the haven of Treasury bonds.

"There is such a tremendous amount of worry in the world. Treasuries look really good," said Ken Anderson, a portfolio manager at Evergreen Asset Management Corp.

The price of the benchmark 30-year Treasury bond rose 18/32 to 101, pushing the yield down to 5.43 percent from 5.46 percent on Monday.

There were mixed signals Tuesday as to whether domestic business activity would remain vigorous enough to offset the slowdown overseas.

The National Association of Realtors reported Tuesday that sales of existing single-family homes jumped 4 percent in July, to 4.93 million units, surpassing the previous record set in March of 4.89

million units. But while strong home sales continue to fuel the economy with demand for building materials and furnishings, a separate report showed that consumer confidence fell for a second straight month in August.

Among broad stock-market indexes, the Standard & Poor's 500-stock index rose 4.68 points to 1,092.82, while the Nasdaq composite index rose 7.17 points, to 1,979.99.

The recession in Asia and falling commodity prices have cut into corporate earnings this year. Operating profit growth for the companies in the S&P 500 slowed to an annual rate of 3.4 percent in the second quarter, after rising 11 percent in the same quarter last year, according to First Call Corp.

See STOCKS, Page 12

**ECONOMIC SCENE****Spending Spree Looks a Bit Shopworn**By Gretchen Morgenson  
New York Times Service

**NEW YORK** — They have shopped and shopped. Now, are they starting to drop?

The marathoner of the moment, as far as Wall Street is concerned, is the American consumer, one of two prime movers behind the booming economy of the past four years. Shop-happy consumers brought the nation out of the recession back in 1991 and, together with corporations investing in capital equipment, have kept growth perking for longer than in other economic cycles.

These same free-spending consumers are needed to snatch up foreign goods and pull the world's faltering companies back from the brink.

Now, however, there are signs that the marathoner may be tiring.

And since capital spending by corporations is also declining, a prolonged weakness among consumers could add insult to an already injured stock market.

Straws in the wind on consumer spending come from surveys conducted by International Strategy and Investment, a brokerage firm in New York specializing in economic research. Every week, the firm surveys almost 100 companies, including retailers, auto dealers, manufacturers, home builders and banks.

"We're getting indications that consumer spending is starting to soften," said Jason Trennert, vice president of ISI. "We're not counting the consumer out. And no question, lower interest rates are going to provide a fairly strong backdrop for consumer spending. But some of the headwinds on the economy are starting to affect consumer spending."

Analysts at ISI often identify significant economic trends well ahead of the rest of Wall Street. For instance, the firm spotted the Asian debacle and warned of its consequences in the spring of 1997, when most Wall Street firms still considered the Asian economies a picture of health. Ed Hyman, a founder of the firm, has been named the top-ranking economist by Institutional Investor magazine for 18 years.

The most recent data from ISI show the lowest reading on overall economic strength since January. The index, in which 100 represents strong growth, stood at 48.8 as of Aug. 21, down from 50.3 in July and 55.9 in May. The Dow numbers are not seasonally adjusted.

The survey found a whiff of weakness in consumer spending at retailers and auto dealers. For two weeks, retail sales have slowed at the six national retail chains interviewed by ISI.

The weakness was broad-based, showing up at both a discounter and a department store chain. ISI's retailer index fell to 39.6 last week, down from 54 in May.

Retailers reported strong sales in the first week of August, giving hope for a bang-up back-to-school season. But the sales growth fizzled; subsequent weeks have been dismal.

ISI sees a similar trend in auto sales. Many dealers in the survey reported significantly fewer car shoppers on their floors.

What the consumer does is important because consumption accounts for two-thirds of gross domestic product and because a host of countries with slumping economies are counting on Americans to buy their goods while Asians and others cannot. Most forecasters expect that growth in consumer spending will drop from the 6 percent

reported earlier this year to about 3 percent by the end of the year. If this number turns out to be too optimistic, the economy will feel the pain.

Another hint of declining spending came Tuesday when the Conference Board, a business research group, reported that its index of consumer confidence in August slipped to 133.1 points in August from a revised 137.2 in July, initially reported as 135.4. The July reading, however, was close to a 30-year high reached in June.

On Friday, the University of Michigan publishes its confidence report. In early August, the Michigan figures showed only a slight decline from the previous month.

Mr. Trennert wonders whether the consumer pullback that his firm is beginning to see is a result of the summer selloff in the stock market. Are consumers spending less because they have lost money, at least on paper?

"Our work has shown a strong correlation between retail sales and the performance of stocks," Mr. Trennert said. "Stocks tend to lead by about four weeks. Every time we've seen the stock market move up or down significantly, the moves tend to influence consumer spending."

Because the value of the average stock portfolio is probably down 10 percent or so from its high, it would not be surprising if consumers reined in their spending a bit.

One thing consumers still have going for them, of course, is declining interest rates. With Treasury yields near historic lows, home-mortgage refinancings will put additional income in consumers' pockets. So even if stocks continue to drift lower, American investors will have some good news to balance out the bad.

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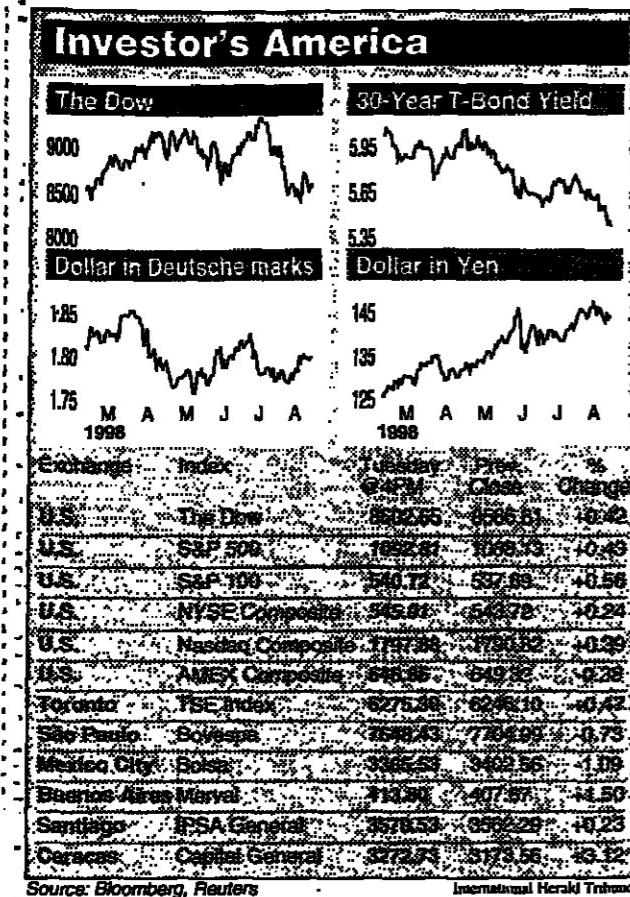
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## THE AMERICAS

**Dumping Fix-It Plan, Sunbeam Starts Anew**

By Dana Canedy  
New York Times Service

**NEW YORK** — Sunbeam Corp., the troubled appliance maker, has come up with a strategy for fixing itself that scrapes the plan begun by its former chairman and chief executive, Albert Dunlap.

The company said Monday it would decentralize its operations, keep open some plants scheduled for closing and retain some businesses it had planned to sell. The company also put in place a new management team.

The decisions come two months after Jerry Levin, a turnaround specialist, was brought in to replace Mr. Dunlap. The plan calls for the maker of Oster and Sunbeam blenders, iron and electric blankets to be or-

ganized into a corporate group and three operating groups: outdoor leisure products, household products and international. Those units will be run out of 17 regional headquarters and have separate management teams and research and development divisions.

Mr. Dunlap closed regional offices when he arrived at Sunbeam in July 1996 in favor of running the business from a central location to cut costs.

Sunbeam, based in Delray Beach, Florida, also scaled back a plan that Mr. Dunlap announced in May, calling for reducing the company's work force by 40 percent—or about 6,400 workers.

The company said three plants scheduled to be closed would be shut, but four others would remain open. It will also retain two busi-

nesses that Mr. Dunlap had put on the block: the Eastpak backpack division and the Powermate compressor business.

While Sunbeam's poor performance lately has caused frustrated investors to send its stock tumbling from its high of \$52, the initial reaction to Monday's announcements, which came after the market closed, was favorable. Shares of Sunbeam closed at \$9.1875, up 37.50 cents, on Tuesday.

Among the more than 30 executive changes Mr. Levin announced Monday was the naming of Paul Shapiro, a former vice president and general counsel at Sunbeam's Canadian division, to executive vice president and chief administrative officer, stepping into a post Mr. Dunlap had been looking to fill.

Also, Bobby Jenkins became executive vice president and chief financial officer, replacing Russell Kersh, who was Mr. Dunlap's most trusted lieutenant.

The company has turned in a disappointing performance all year, including posting a \$44.6 million loss in the first quarter.

The firm is also being investigated by the Securities and Exchange Commission for possible accounting irregularities and says it will have to restate its financial results for last year and possibly 1996 and the first quarter of this year.

Some shareholders have filed lawsuits against the company and Mr. Dunlap, saying they were misled about Sunbeam's financial health, accusations the company and Mr. Dunlap deny.

**Dollar Rises On Yen and Ruble Worry**

Compiled by Our Staff From Despatches

**NEW YORK** — The dollar rose

Tuesday after Finance Minister Kiichi Miyazawa of Japan said now was not the time for intervention to support the yen, and as uncertainty over Russia's restructuring of its domestic debt market hurt the Deutsche mark.

Contradicting other senior Japanese officials who appeared to suggest in recent days that market intervention was imminent, Mr. Miyazawa said that although there were "disruptive" moves in the market, intervention to aid the yen was not required now.

Dealers said that the conflicting signals from Japan gave investors worried about financial turmoil elsewhere in the world an added reason to buy dollars.

The dollar was quoted at 144.315 yen, up from 143.78 yen on Monday.

"Miyazawa gave a green light to buy dollars," said John Moore, a currency salesman at State Street Bank in Boston.

**FOREIGN EXCHANGE**

The dollar received a lift against the mark from concerns over Moscow's commitment to restructuring its domestic debt and from doubts about the durability of the new Russian government.

"I don't think Germany is insulated from Russian problems," said John Nelson, manager of currency trading at ABN AMRO Bank in Chicago. Russia owes German banks an estimated \$30 billion in loans and takes in about \$10 billion in German exports annually.

The acting prime minister of Russia, Viktor Chernomyrdin, said Tuesday that he was ready to take tough decisions to resolve Russia's unprecedented economic and financial crisis.

Despite public optimism from the Western leaders regarding the new leadership in Moscow, dealers said market nervousness about Russia's future continued to run high, particularly because the Russian crisis comes at a time when the coffers of the International Monetary Fund had been emptied by the Asia economic crisis. The dollar rose to 1,800.5 DM from 1,796.3 DM.

Against major currencies, the dollar was at 6,043 French francs, up from 6,017.5, and at 1,504.5 Swiss francs, up from 1,500.6. The pound fell to \$1.6995 from 1,640.3. (AP/Bloomberg)

**Goldman Filing Illuminates Firm**

By Joseph Kahn  
New York Times Service

**NEW YORK** — Goldman, Sachs & Co.'s official registration to end its 129-year-old partnership confirms two things Wall Street has long surmised: The firm is obsessively secretive and phenomenally profitable.

Goldman, Sachs, which formally decided to go public earlier this month, will issue shares in November. But its leaders have been traditionally loath to release operating details, and so far they are clinging to the last strands of exemption from public scrutiny that partnership status affords.

In filing with the Securities and Exchange Commission included few insights into ownership stakes and compensation. It said little about how the firm's expected net worth of \$28 billion will be divided. Hundreds of spaces in the offering prospectus were left blank. They will be filled in only at the last legal moment, probably early October, people at the firm say.

It is also vague about what Goldman plans to do with the capital it raises from its initial public offering. If it raises in the range of \$3 billion as planned, the offering would be one of the largest in history. The prospectus says that the proceeds will be used for "general corporate purposes." It says Goldman sees the offering as a chance to stabilize its capital base and perhaps to make acquisitions, but leaves the disclosure at that.

But the regulatory filing does open

a window on Goldman's profit-making machinery, disclosing some previously undisclosed details about its earnings and how they are made. The prospectus emphasizes that Goldman has taken a clear leadership position in the two areas that generate the highest fees for investment banks, underwriting initial public offerings and advising companies on mergers and acquisition.

For the five-year period beginning in 1993, the prospectus says, Goldman ranked No. 1 worldwide in both categories. It does less well against its rivals in debt markets than equity markets, however.

Over all, few firms can match its growth. Fifteen years ago the company earned \$364 million before taxes, compared with \$3 billion in 1997, the filing says. That is a 15 percent compounded annual growth rate for the period, an extraordinary pace of expansion given that Gold-

man made no major acquisitions of other companies during that time.

One measure of gauging profitability for a private partnership, return on partners' capital, shows both the enormous earning potential and the roller-coaster-like dips that Goldman's 189 general partners oversee.

In its best years, including this year's first half, Goldman has generated a pretax return on capital that exceeds 60 percent. In a down year like 1994, however, return on capital fell to 10 percent, the filing says.

In preparation for the offering, Goldman has divided its revenue into three categories, making it comparable to its investment banking peers for the first time. In recent years, the firm has derived roughly equal revenue from each of its three main areas of business: investment banking, trading and principal investments, and asset management and securities services.

**Seagate to Build Research Center**

The Associated Press

**PITTSBURGH** — Seagate Technology Inc., the world's largest manufacturer of computer disk drives, is building a \$30 million research-and-development center in Pittsburgh in hopes of enhancing its position in the data-storage market.

The company, based in Scotts Valley, California, announced its plans Monday. It leads the market but lost \$530 million last year in the wake of falling prices for computers and their components.

The new center will be overseen by Mark Kryder, a professor at Carnegie Mellon University. A location has not yet been chosen, but it will be housed in temporary quarters by the end of this year and is predicted to employ 100 people by the middle of 2001.

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**STOCKS: Early Rally Fizzles on Global Economic Outlook**

Continued from Page 11

in Latin America. But some analysts say the concern was excessive. Russia accounts for less than 1 percent of total U.S. exports. Venezuela, 1 per

**U.S. STOCKS**

cent and Brazil less than 2 percent, according to Goldman, Sachs.

Companies that make hardware and software and the equipment to link computers rose as investors believed they would continue to benefit from the boom in computer networking.

Union Pacific shares rose 2 13/16

to 43 1/4 after the largest U.S. railroad said it would repurchase or avoid scrapping hundreds of miles of track in its latest move to improve service.

Weiner predicted that stocks would have trouble reaching records as earnings growth slows.

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**U. S. STOCK MARKET DIARY**

**Indexes**

**Standard & Poor's**

**Nasdaq**

**U.S. STOCK MARKET DIARY**

**Most Actives**

**Aug. 25, 1998**

**High Low Last Close Chg. Opnl.**

**High Low Last Close Chg. Opnl.**

**High Low Last Close Chg. Opnl.**

**Grains**

**High Low Last Close Chg. Opnl.**

**High Low Last Close Chg. Opnl.**

**Metals**

**High Low Last Close Chg. Opnl.**

**High Low Last Close Chg. Opnl.**

**SOYBEAN MEAL (CBOT)**

**High Low Last Close Chg. Opnl.**

**High Low Last Close Chg. Opnl.**

**SOYBEAN OIL (CBOT)**

**High Low Last Close Chg. Opnl.**

**High Low Last Close Chg. Opnl.**

**HIGH GRADE COPPER (CBOT)**

**High Low Last Close Chg. Opnl.**

**High Low Last Close Chg. Opnl.**

**SILVER (CBOT)**

**High Low Last Close Chg. Opnl.**

**High Low Last Close Chg. Opnl.**

**BRITISH POUND (CBOT)**

**High Low Last Close Chg. Opnl.**

**High Low Last Close Chg. Opnl.**

**ITALIAN GOVERNMENT BOND (CBOT)**

**High Low Last Close Chg. Opnl.**

**High Low Last Close Chg. Opnl.**

**LIBOR 1-MONTH (CBOT)**

**High Low Last Close Chg. Opnl.**

**High Low Last Close Chg. Opnl.**

**COTTON (CBOT)**

**High Low Last Close Chg. Opnl.**

**High Low Last Close Chg. Opnl.**

**EURODOLLAR (CBOT)**

**High Low Last Close Chg. Opnl.**

**High Low Last Close Chg. Opnl.**

**EUROHOG (CBOT)**

**High Low Last Close Chg. Opnl.**

**High Low Last Close Chg. Opnl.**

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**High Low Last Close Chg. Opnl.**

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<b

## EUROPE

**Marsh Set To Acquire Sedgwick**

Compiled by Our Staff From Dispatches

LONDON — Marsh & McLennan Cos., the world's largest insurance broker, agreed Tuesday to buy Sedgwick Group PLC, the No. 1 European insurance broker, for £2.15 billion (\$3.02 billion) to increase its presence in Europe and Asia.

Marsh & McLennan said it will pay 225 pence per Sedgwick share — 58 percent more than Sedgwick's closing price on Monday — and £11.25 per American depository share. Alternatively, shareholders can have debt paying 0.5 percent above the six-month London inter-bank offered rate.

Kevin Ryan, an analyst at Nikko Europe PLC, said Sedgwick has assets of about £200 million, so Marsh & McLennan, which is based in New York, would be paying more than £1 billion in "goodwill."

"That makes this deal pretty risky," he said.

But some analysts said the high offer price was meant to deter a counteroffer from the world's second-largest broker, Aon Corp. The Chicago-based rival, like other financial companies, has been growing through acquisitions to save costs, gain market share and expand into new businesses, threatening Marsh & McLennan's position as world leader.

"This price is meant to be the killer blow," said Chris Rathbone, an insurance analyst with Williams de Brue in London. Sedgwick shares rose 16.75 pence to £21 in London, while in New York, the American depository shares were up \$5 at \$17.25 in late trading.

Marsh & McLennan said the offer had been accepted by executives and investors holding about 40 percent of the stock. Marsh & McLennan stock was down \$1.375 at \$55.31 in late trading in New York.

(Bloomberg, AP)

**Telekom to Cut Back Administrative Staff**

Bloomberg News

BONN — Deutsche Telekom AG said Tuesday it would cut about 90 percent of its administrative staff as part of a reorganization designed to help the former monopoly trim costs and bolster profits in Germany's competitive phone market.

When the streamlining is completed, Telekom said only 490 people would work at its Bonn headquarters, doing the administrative work that 6,500 people now do in 68 regional offices across Germany. The company plans to halve the number of offices outside Bonn, to 35, by October 1999.

The details were the first Telekom has offered since it said in June it would reorganize its corporate headquarters in the name of efficiency. The move is part of a bigger plan to slash Telekom's 188,000-strong work force to 170,000 people by the year 2000. So far though, the company acknowledges that labor costs have not fallen as steeply as the number of jobs.

"Perhaps there's a new quality to these job cuts," said Kathrin Spanek, an analyst at Bankgesellschaft Berlin AG. "Cutting jobs at the higher levels certainly would leave a greater mark on costs than reducing

those with lower salaries attached."

Deutsche Telekom shares closed Tuesday up 1.45 Deutsche marks, or 51.05 DM (\$28.42).

Analysts said it was too soon to say how much further the cuts would bring Telekom toward reaching its cost targets. Since the telecommunications market fully opened to competition in January, however, investors and analysts have maintained that Telekom's ability to reduce costs quickly would be the key to buoying profits as competition cuts into sales and forced it to slash rates.

Last year, for example, the phone company managed to reduce its personnel costs by only 2.3 percent, to 18.4 billion DM, even though it cut its work force by 14,000 people, or 6 percent.

After the reorganization, Telekom's headquarters will handle all the phone company's accounting, finances and other administrative work. The company's various division heads will manage all its operations.

These include fixed-line phone service, mobile phones, cable television service and Internet-related services.

**Bonn Confident of Rising Growth**

Compiled by Our Staff From Dispatches

BONN — Germany should suffer only limited economic impact from the financial crises in Asia and Russia as burgeoning domestic demand supports an accelerating recovery, the Economics Ministry said Tuesday.

The ministry said in its August monthly report that growth in the second quarter of this year probably slowed to a seasonally adjusted 0.5 percent from 1 percent in the first quarter.

But that did not mean the economy was stalling, the ministry said, adding that the spring slowdown was the result of a series of one-time factors, including an increase in value-added tax and fewer working days.

"Looking at the longer perspective, the economic recovery is gaining an increasingly broad and solid basis," the report said. "Whereas it was carried in 1997 mainly by exports, now domestic demand is providing an important counter-

weight for the European economy."

Repeating figures made public by Economics Minister Günter Rexrodt last week, the report said that year-on-year growth in the second quarter was between 1.5 and 2 percent.

It estimated growth in the first half at 2.5 and 3 percent, in line with Mr. Rexrodt's full-year forecast of 2.9 percent growth. The economy expanded by 2.2 percent in 1997.

The report said that the German economy's exposure to the Russian turmoil and the prolonged economic crisis in Asia was limited.

"The negative impact of these developments on economic growth in Germany will remain limited," the report said. "The affected countries only account for a relatively small share of German foreign trade. And the revival of domestic demand is

likely to continue, although he warned that the drop in inflation rates probably would not continue.

(Reuters, Bloomberg)

**Viagra Set for Approval by EU Authorities**

Bloomberg News

BRUSSELS — Pfizer Inc.'s Viagra is set to get marketing approval in the European Union, meaning that the world's best-selling impotence drug may go on sale in member countries by the middle of September, the European Commission said Tuesday.

The EU committee on medicines recommended requiring that the drug be sold with a warning of its side effects. Final approval is expected Sept. 15.

Viagra is to be sold by prescription only, and each nation will set its own policy on insurance reimbursement, said Rolf Bass of the European Medicines Evaluation Agency.

■ **EU Untroubled by Rolls Deal**

The European Commission on Tuesday cleared Volkswagen AG's acquisition of Rolls-Royce Motor Cars Ltd., saying it posed no antitrust problems. The Associated Press reported from Brussels.

Volkswagen's increased market share after the purchase would not exceed 5 percent in any of the member states, the commission said.

Volkswagen's purchase of Rolls-Royce Motors marks yet another acquisition by a German company in the fast-consolidating industry.

Other recent moves included another purchase by Volkswagen — of Lamborghini SpA, the Italian manufacturer of racing cars — and Daimler-Benz AG's agreement to buy Chrysler Corp.

ZURICH — UBS said Tues-

day its first-half net profit rose 22 percent to \$3.51 billion Swiss francs (\$2.34 billion), adding that this was "well above expectations," but the largest European bank cautioned that second-half results would be below those for the first half.

The first-half result includes the sale of BSI-Banca Svizzera Italiana and a provision for an accord sealed earlier this month in New York with Credit Suisse to settle Holo-

caust-era bank claims.

Without these factors, profit

would have been 3.02 billion

Swiss francs, a rise of 5 percent from a year earlier, UBS said.

The result is the first since

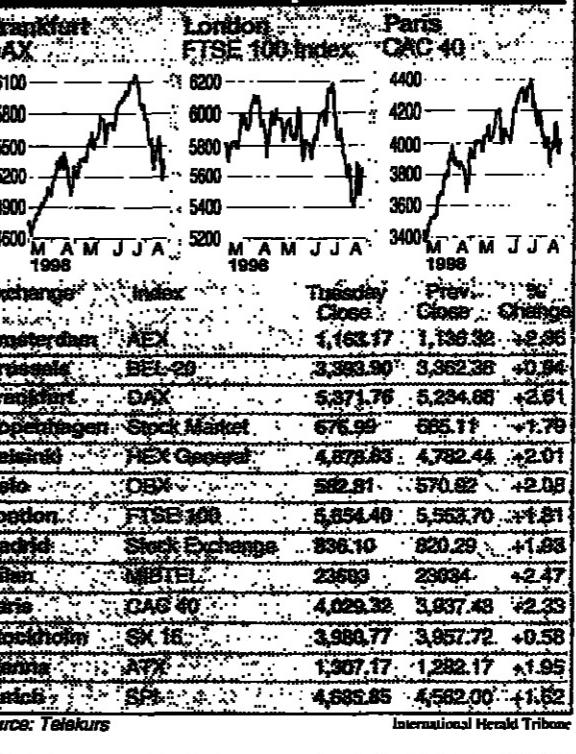
UBS was created from a merger

finalized in June between Union Bank of Switzerland and Swiss Bank Corp.

All five core UBS businesses

— private banking, institutional asset management, private corporate clients, investment banking and private equity — contributed to the good performance, the bank said.

Eliminating special factors, the bank forecast that net profit for the year would rise 10 percent from 4.8 billion francs a year earlier. (APF, Reuters)

**Investor's Europe**

Source: Telekurs International Herald Tribune

**Very briefly:**

• Axel Springer Verlag AG, the publisher of Bild, Germany's largest-circulation newspaper, said first-half net income rose 8.9 percent, to 129 million Deutsche marks (\$71.8 million), restrained by higher paper costs and tougher competition.

• Elf Aquitaine confirmed that it had decided not to pursue a planned strategic alliance with AO Sibneft, Russia's seventh-largest oil company, because of concern over the volatile investment climate in Russia.

• British Biotech PLC appointed Elliott Goldstein, Smith-Kline Beecham PLC's senior vice-president and director of worldwide strategic product development, to take over as chief executive, replacing Biotech's founder, Keith McCullagh.

• Groupe Air France said talks between the airline and its pilots ahead of a planned partial privatization could be completed by the end of this month.

• Hanover Rueckversicherungs AG agreed to acquire Clarendon Insurance Group of the United States for \$500 million.

• Jenoptik AG's first-half loss widened 21.6 percent, to 45.96 million DM, because of the cost of its initial public offering and reorganization.

• France's new home sales rose sharply in the second quarter, up 5.7 percent from the first quarter, the Housing Ministry said. New home sales had fallen 3.6 percent in the first quarter. In the quarter that ended on July 31, housing starts totaled 67,541.

• Poland will demand high prices for strategic stakes in three banks — Pekao SA, Bank Zachodni SA and BPFI SA — that will be sold in the next six months, with foreign investors expected to fight over the last attractive parts of the state banking sector, analysts say.

Bloomberg, Reuters, AFP, AP

**WORLD STOCK MARKETS**

Tuesday, Aug. 25

Daily prices in local currencies.

Telekurs

High Low Close Prev.

Amsterdam

AXP Index: 116.317

Previos: 116.43

Amsterdam

High Low Close Prev.

**Tuesday's 4 P.M. Close**

The 2,600 most traded stocks of the day.  
Showwide prices not reflecting late trades.

*The Associated Press*

Tuesday's 4 P.M. Close	The 2,600 most traded stocks of the day. *Nationwide prices not reflecting late trades elsewhere. The Associated Press.																						
12 Month High Low Stock	Div Yld	PE	100% High	Low/Latest	Chg	12 Month High Low Stock	Div Yld	PE	100% High	Low/Latest	Chg	12 Month High Low Stock	Div Yld	PE	100% High	Low/Latest	Chg						
High						High						High											
Low						Low						Low											
A-B-C						A-B-C						A-B-C											
376 7114 AACR	.24	1.4	19	301	25	24%	-1%	73	47%	ComEd	1.28	2.1	17	3440	619	5974	-1%	12 Month High Low Stock	Div Yld	PE	100% High	Low/Latest	Chg
377 249 ABM	.44	2.2	22	294	20%	29%	+1%	73	30%	FMC	1.38	2.1	17	3200	626	5724	-1%	376 7116 AACR	.25	1.5	20	514	+1%
378 274 ACD	.43	1.2	20	224	20%	20%	+1%	73	27%	Cisco	1.08	1.7	19	246	259	5824	-1%	377 1740 ACFC	.26	1.1	11	121	+1%
379 274 ACE	.13	1.1	9	2258	24	214	+1%	73	27%	ChfC	1.27	1.5	19	158	259	24%	+1%	378 2740 ACFC	.26	1.1	11	121	+1%
380 105 ACH	.50	1.0	10	3010	92	95	+1%	73	27%	CMH	1.27	1.5	19	192	198	1934	-1%	379 1741 ACFC	.26	1.1	11	121	+1%
381 45 ACH	.50	1.0	10	3010	92	95	+1%	73	27%	CMH	1.27	1.5	19	192	198	1934	-1%	380 1742 ACFC	.26	1.1	11	121	+1%
382 45 ACH	.50	1.0	10	3010	92	95	+1%	73	27%	CMH	1.27	1.5	19	192	198	1934	-1%	381 1743 ACFC	.26	1.1	11	121	+1%
383 226 ACH	.50	1.0	10	3010	92	95	+1%	73	27%	CMH	1.27	1.5	19	192	198	1934	-1%	382 1744 ACFC	.26	1.1	11	121	+1%
384 52 ACH	.50	1.0	10	3010	92	95	+1%	73	27%	CMH	1.27	1.5	19	192	198	1934	-1%	383 1745 ACFC	.26	1.1	11	121	+1%
385 226 ACH	.50	1.0	10	3010	92	95	+1%	73	27%	CMH	1.27	1.5	19	192	198	1934	-1%	384 1746 ACFC	.26	1.1	11	121	+1%
385 226 ACH	.50	1.0	10	3010	92	95	+1%	73	27%	CMH	1.27	1.5	19	192	198	1934	-1%	385 1747 ACFC	.26	1.1	11	121	+1%
386 52 ACH	.50	1.0	10	3010	92	95	+1%	73	27%	CMH	1.27	1.5	19	192	198	1934	-1%	387 1748 ACFC	.26	1.1	11	121	+1%
388 52 ACH	.50	1.0	10	3010	92	95	+1%	73	27%	CMH	1.27	1.5	19	192	198	1934	-1%	389 1749 ACFC	.26	1.1	11	121	+1%
390 45 ACH	.50	1.0	10	3010	92	95	+1%	73	27%	CMH	1.27	1.5	19	192	198	1934	-1%	391 1750 ACFC	.26	1.1	11	121	+1%
392 45 ACH	.50	1.0	10	3010	92	95	+1%	73	27%	CMH	1.27	1.5	19	192	198	1934	-1%	393 1751 ACFC	.26	1.1	11	121	+1%
394 45 ACH	.50	1.0	10	3010	92	95	+1%	73	27%	CMH	1.27	1.5	19	192	198	1934	-1%	395 1752 ACFC	.26	1.1	11	121	+1%
396 45 ACH	.50	1.0	10	3010	92	95	+1%	73	27%	CMH	1.27	1.5	19	192	198	1934	-1%	397 1753 ACFC	.26	1.1	11	121	+1%
398 45 ACH	.50	1.0	10	3010	92	95	+1%	73	27%	CMH	1.27	1.5	19	192	198	1934	-1%	399 1754 ACFC	.26	1.1	11	121	+1%
400 45 ACH	.50	1.0	10	3010	92	95	+1%	73	27%	CMH	1.27	1.5	19	192	198	1934	-1%	401 1755 ACFC	.26	1.1	11	121	+1%
402 45 ACH	.50	1.0	10	3010	92	95	+1%	73	27%	CMH	1.27	1.5	19	192	198	1934	-1%	403 1756 ACFC	.26	1.1	11	121	+1%
404 45 ACH	.50	1.0	10	3010	92	95	+1%	73	27%	CMH	1.27	1.5	19	192	198	1934	-1%	405 1757 ACFC	.26	1.1	11	121	+1%
406 45 ACH	.50	1.0	10	3010	92	95	+1%	73	27%	CMH	1.27	1.5	19	192	198	1934	-1%	407 1758 ACFC	.26	1.1	11	121	+1%
408 45 ACH	.50	1.0	10	3010	92	95	+1%	73	27%	CMH	1.27	1.5	19	192	198	1934	-1%	409 1759 ACFC	.26	1.1	11	121	+1%
410 45 ACH	.50	1.0	10	3010	92	95	+1%	73	27%	CMH	1.27	1.5	19	192	198	1934	-1%	411 1760 ACFC	.26	1.1	11	121	+1%
412 45 ACH	.50	1.0	10	3010	92	95	+1%	73	27%	CMH	1.27	1.5	19	192	198	1934	-1%	413 1761 ACFC	.26	1.1	11	121	+1%
414 45 ACH	.50	1.0	10	3010	92	95	+1%	73	27%	CMH	1.27	1.5	19	192	198	1934	-1%	415 1762 ACFC	.26	1.1	11	121	+1%
416 45 ACH	.50	1.0	10	3010	92	95	+1%	73	27%	CMH	1.27	1.5	19	192	198	1934	-1%	417 1763 ACFC	.26	1.1	11	121	+1%
418 45 ACH	.50	1.0	10	3010	92	95	+1%	73	27%	CMH	1.27	1.5	19	192	198	1934	-1%	419 1764 ACFC	.26	1.1	11	121	+1%
420 45 ACH	.50	1.0	10	3010	92	95	+1%	73	27%	CMH	1.27	1.5	19	192	198	1934	-1%	421 1765 ACFC	.26	1.1	11	121	+1%
422 45 ACH	.50	1.0	10	3010	92	95	+1%	73	27%	CMH	1.27	1.5	19	192	198	1934	-1%	423 1766 ACFC	.26	1.1	11	121	+1%
424 45 ACH	.50	1.0	10	3010	92	95	+1%	73	27%	CMH	1.27	1.5	19	192	198	1934	-1%	425 1767 ACFC	.26	1.1	11	121	+1%
426 45 ACH	.50	1.0	10	3010	92	95	+1%	73	27%	CMH	1.27	1.5	19	192	198	1934	-1%	427 1768 ACFC	.26	1.1	11	121	+1%
428 45 ACH	.50	1.0	10	3010	92	95	+1%	73	27%	CMH	1.27	1.5	19	192	198	1934	-1%	429 1769 ACFC	.26	1.1	11	121	+1%
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## Risky Loans At LTCB Total 15%

Copied by Our Staff From Dispacher

TOKYO — Long-Term Credit Bank of Japan Ltd. had nearly \$20 billion dollars in outstanding loans that were either risky or likely to go bad, a parliamentary committee said Tuesday.

The bank had 2.38 trillion yen (\$16.55 billion) in risky loans and 444.4 billion yen in loans with a high probability of default if it had not yet been covered with reserves, according to bank documents released to the committee.

Those figures are part of the bank's own assessment of the condition of its loan portfolio — confidential documents that were released only to the bank's auditors and the Financial Supervisory Agency.

The bank, whose credit ratings were cut to "junk" this month, agreed to let the Financial Supervisory Agency disclose its loan assessment to Parliament after opposition politicians debating legislation to close down failed banks demanded to know the status of Long-Term Credit's balance sheet.

Opposition politicians have sharply criticized the government of Prime Minister Keizo Obuchi over plans to use public funds to dispose of some of the bank's doubtful loans.

The government defended the bailout. Finance Minister Kichi Miyazawa said it was necessary because the failure of such a big bank "would have an impact not only on the Japanese economy, but also on confidence in Japan."

To head off accusations that public funds would be a temporary crutch for a hopelessly insolvent lender, LTCB took the unprecedented step of disclosing the results of the in-house audit of its loans. The bank said about 15 percent of its loans were "likely to go bad" or "required monitoring." That compares with the industry average in Japan of about 11 percent.

(Bloomberg, AP)

## Mitsubishi in U.S. Defense Deal

Bloomberg News

climbed 7 yen to 277 (\$1.93).

TOKYO — Shares in Mitsubishi Electric Corp. rose 2.6 percent Tuesday on reports that it would form a partnership with Lockheed Martin Corp. of the United States to develop electronics for military applications.

Nihon Keizai, the leading Japanese economic newspaper, reported that the companies would share technology and jointly present bids to the National Defense Agency in Japan for projects including missile-guidance systems. A spokesman for Mitsubishi confirmed that the two companies had reached a basic agreement on Monday but said details remain to be decided.

Mitsubishi Electric shares

climbed 7 yen to 277 (\$1.93). Defense-related electronics, which accounted for around 5 billion yen in operating profit last year, represent one of Mitsubishi's stable income streams," said Akira Itohara of Kokusai Securities Co.

"The news is positive, though the company still faces the challenges of reducing red ink in its core businesses." Last year the company posted a group net loss of 105 billion yen as its semiconductor business slumped.

In return for offering broader access to the Japanese market, Mitsubishi Electric will be able to strengthen its research and development capabilities by drawing on the experience of the largest defense

## Thailand Sees Rally in GNP in 1999

Reuters

BANGKOK — Thailand said Tuesday its worst recession in half a century could be over within a year, bringing further shocks from the rest of Asia.

Thailand's fifth letter of intent to the International Monetary Fund, approved by the cabinet on Tuesday, said the nation's economy would post modest growth in 1999 after contracting about 7 percent in 1998.

As recently as May, Thailand forecast that its gross domestic product would contract just 4 to 5 percent this year.

Prime Minister Chuan Leekpai, taking up the theme of the letter, said, "I believe the economy will post zero to 0.5 percent growth next year. It would depend on the external situation, which we cannot predict."

Mr. Chuan said his forecast was based on the expectation that tourism and export revenues would improve, helping to strengthen the Thai baht.

Thailand accepted a \$17.2 billion bailout package last year.

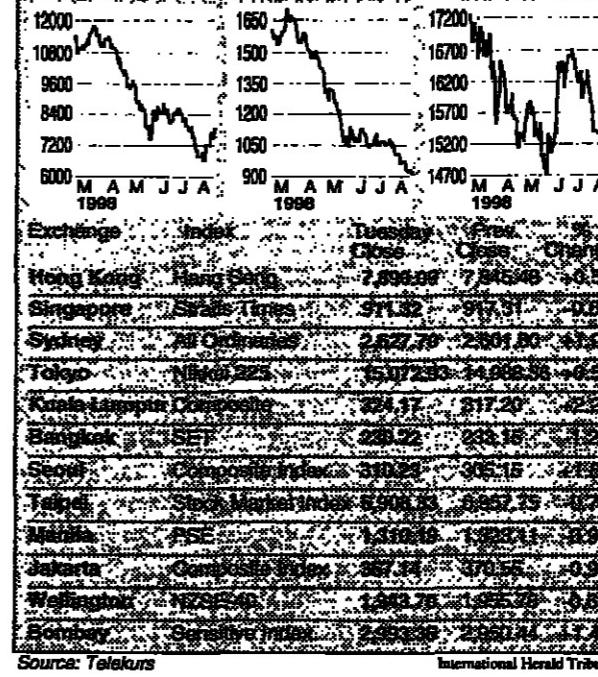
It has so far received \$11.1 billion from the package, which was arranged by the IMF, and is due to draw a further \$47.3 million next month.

Finance Minister Tarrin Nimmaheminda said the recession had deepened more than expected in the past three months, with the latest bad news coming from Russia. He suggested Russia's effective devaluation of its ruble last week had discouraged the flow of funds to all emerging markets, including Thailand.

The letter said the government would try to spur the economy by raising public spending.

"Given the continued weakness in domestic demand, we will defer any contraction of the fiscal stance in 1998-99," it said, aiming to maintain a public sector deficit of 3 percent of gross domestic product.

## Investor's Asia



Source: Telekurs

International Herald Tribune

## Very briefly:

■ Indonesia said it probably would sell stakes in only 10 state-owned companies in the current fiscal year, not the 12 originally planned. State Enterprises Minister Tamri Abeng said that the sale of a further stake in PT Telkom would be delayed until market conditions improved, and that the sale of a stake in PT Krakatau Steel might also be held up.

■ Vodafone Group PLC, the leading cellular telephone company in Britain, agreed to buy the New Zealand mobile phone network owned by BellSouth New Zealand Wireless Holdings Inc. and ST Telecommunications for 750 million New Zealand dollars (\$369.7 million).

■ Matsushita Electric Industrial Co., the Japanese consumer electronics giant, reported that net income tumbled 57.7 percent, to 11.1 billion yen (\$77.2 million), in the quarter that ended in June, badly hit by the economic slump across Asia.

■ Pioneer Electronics Corp. of Japan joined Canal Plus SA of France and two American companies, C-Cube Microsystems Inc. and DiviCom Inc., to develop a system that will deliver sophisticated digital cable television services.

■ Toyota Motor Corp., Nissan Motor Co. and Honda Motor Co. reported big declines in domestic vehicle sales and exports in July from a year earlier. Toyota said sales in Japan fell 6.6 percent while exports fell 8.8 percent. Nissan said sales in Japan fell 9.3 percent, with exports down 3.1 percent. Honda said sales in Japan tumbled 9.8 percent while exports fell 13.3 percent.

(AFP, AP, Bloomberg, Reuters)

## Insurer Seeks to Buy Rival In Biggest Australia Takeover

Copied by Our Staff From Dispacher

SYDNEY — AMP Ltd., a life insurance and funds management group, launched the largest Australian takeover bid ever Tuesday with an offer of 3.01 billion Australian dollars (\$1.75 billion) for the general insurer GIO Australia Holdings Ltd.

The hostile offer — rejected by GIO — would sharply increase Australia Mutual Provident Society's presence in what has been one of its weakest areas, the general insurance market in Australia and New Zealand.

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The offer triggered a 28 percent rise in GIO shares, which finished at 5.22 dollars, up 1.15.

AMP shares fell 19 cents to 21.69 dollars.

The takeover would be AMP's second large acquisition this year, following the purchase of Henderson PLC for \$382 million (\$26.6 million). The bid is another step in Chief Executive George Trumbull's plan to expand AMP using its acquisition of 8 billion dollars.

Mr. Trumbull described the bid, which would strengthen AMP's base for its international expansion, as "generous." (Reuters, Bloomberg)

## AIRBUS: British Airways Bypasses Boeing for \$11 Billion Order

Continued from Page 1

options on 16 additional planes, although some industry sources said the deal amounted to a rearrangement of a previous order for 747s. British Airways' chief executive, Robert Ayling, said the company would continue relying on Boeing for its long-range jetliners.

Mr. Ayling, often said to share Mr. Blair's pro-European sentiments, rejected suggestions that British Airways had chosen Airbus under political pressure, saying that the contract reflected "one of the most exhaustive and competitive tendering processes in the history" of the airline.

For Britain, the Airbus deal offers a string of commercial advantages and possible political benefits, analysts said.

British Airways gets an airplane it needs — the A320 Airbus, a family of single-aisle planes seating between 125 and 200 passengers — at a price reportedly bargained down to the floor as Boeing died for the deal.

"Airbus cannot be expecting to make any money on these planes," according to a British analyst who asked not to be named.

List prices run about \$50 million apiece for the A320, which competes directly with the Boeing 737. BA placed a firm order for 59 planes, with options

on 129 more. The full order was therefore estimated to be worth \$11 billion, making it Airbus's largest-ever sale to a non-U.S. airline.

But the actual price was heavily discounted, perhaps by as much as 40 percent, according to analysts, who noted that no real figures have been released about the purchase price or maintenance arrangements over the life-time of the aircraft.

Airbus has even more flexibility than Boeing in price-cutting, the analysts said, because there is no centralized accounting of costs; instead, each Airbus is built in segments and supplied at a fixed cost by companies in the four owner nations.

But an indication of steep discounting surfaced last year when Daimler-Benz Aerospace of Germany, the only partner that disclosed details, acknowledged that its revenue from Airbus had fallen even though the consortium sold a record number of aircraft.

Eager to put Airbus on a sounder commercial footing, Bonn and London have sought to transform the consortium into a normal company, merging all the manufacturing under a separate Airbus management and paying off the existing partners with shares in the new Airbus company.

Mark Hooper, a Boeing spokesman, said the company "was very happy" with the British Airways order, adding, "They've told us we're going to be the only supplier of long-haul airplanes during the next decade."

Continued from Page 11

"Maybe one day they will be studying Confucius again."

So with this enormous historical heritage, fermenting beverages with names such as Confucius Family Red Wine could be considered almost blasphemous. But the Kongs do not seem to mind at all. In fact, the companies — Confucius Family Jia Liquor Co., Confucius Family Group and Confucius Yan Liquor Co. — started using the family name without Miss Kong's permission, adding Confucius to their company titles in the mid-1980s as a marketing stunt. Sales of their products soared.

In 1995, for example, Confucius Family Group had a pretax profit of \$10 million, according to Kong Chao, another descendant of Confucius who is the company's deputy president.

In the 1990s, Confucius Family Group battled Confucius Yan Liquor Co. in a nasty court case over the name. The group argued that since it was based in Qufu, the hometown of Confucius, it had the sole right to use the philosopher's name. It accused Confucius Yan Liquor, which is based in Yantai, 130 kilometers (80 miles) south of Qufu, of being an interloper. The case was never settled.

Miss Kong was one of three children born in the tree-lined Confucius family compound in Qufu in the early 20th century. Her sister died when she was 24. Her brother, Kong Decheng, moved to Taiwan when the Nationalist forces, led by Chiang Kai-shek, fled there following their defeat during China's Communist revolution in 1949.

By then, Miss Kong had married a prominent Beijing dandy, named Ke Changsi. He disappeared after the revolution and is believed to have fled overseas, leaving Miss Kong with two children and no source of income, said Wang Yongji, a journalist with the Xinhua press agency who is the co-author of a book on the Kongs.

Miss Kong did not have political problems until the Cultural Revolution, the decade of radical political campaigns that began in 1966. She was dispatched to a labor camp for almost 10 years.

When the Cultural Revolution ended, Miss Kong's fortunes improved. She was rehabilitated in 1979, and in 1983 she was named to the Political Consultative Committee, a toothless organization whose job is to supervise the government. Still, the post came with a salary, an apartment in Beijing and the right to summer on China's Gold Coast on the Gulf of Bo Hai.

Miss Kong acted for two things. She wanted the tomb of her father repaired and relocated on the family's grounds in Qufu, and she wanted better treatment

during visits to her hometown.

In a move that shocked Qufu business circles, Miss Kong threw her hat in with the interlopers from Yantai, allowing them to make her nominal chairman of their board, thereby strengthening their case as the makers of genuine Confucius family wine. The Yantai company paid Miss Kong a small stipend monthly for her name.

The Qufu companies pleaded with her to allow them, too, to use her name. She consented, and by 1994 Miss Kong was chairman of the board of three Confucius winemaking enterprises.

Along the way she also became "Lifetime Honorary President of Confucius International Travel Agency," as her business card says. In Qufu, her father's grave was repaired and her treatment improved.

But things are getting tough these days for all of the Confucius liquor companies as the economy sags under the weight of the Asian financial crisis. Confucius Family Group, which merged with the smaller Qufu company a few years ago, has seen its profit drop more than 50 percent, said Kong Chao, its vice chairman. The company stopped paying Miss Kong her monthly \$250 stipend this year. Things are even worse at the Yantai company, which could go out of business. It stopped paying Miss Kong after the Qufu companies began using her name.

Continued from Page 11

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## CONFUCIUS: A Descendant Cashes In on an Ancient Franchise

Continued from Page 11

"Maybe one day they will be studying Confucius again."

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NASDAQ

**Tuesday's 4 P.M.**  
The 1,000 most traded National Market securities  
in terms of dollar value, updated twice a year.  
The Associated Press

NYSE

**Tuesday's 4 P.M. Close**  
**(Continued)**

High	Low	Stock	DW	Yd	PE	100s	High	Low	Lated	Chg.	
17%	16%	NINYSQ	.99	5.8	-	255	17%	17%	17%	-	
14%	13%	NINPP2	.74	5.4	-	103	13%	13%	13%	-	
14%	14%	NINUPP	.94	6.4	-	2029	14%	14%	14%	-	
16%	15%	NINPLM	.90	5.7	-	251	16%	15%	15%	-	
17%	15%	NINPMI	.97	6.1	-	139	15%	15%	15%	-	
15%	13%	NINPU	.94	6.4	-	636	14%	14%	14%	-	
16%	13%	NINPU2	.93	5.8	-	581	16%	15%	16%	+1%	
12%	14%	NINPU4	.82	5.7	-	462	14%	14%	14%	+1%	
17%	15%	NINQMC	1.03	6.2	-	1584	16%	14%	16%	+7%	
12%	10%	NINSM	.61	5.3	-	158	11%	11%	11%	-	
16%	15%	NINSEL	.95	6.0	-	508	15%	15%	15%	-	
16%	15%	NINSTFI	.90	5.6	-	243	16%	15%	16%	-	
16%	14%	NINSTFI2	.97	5.5	-	262	16%	15%	16%	-1%	
15%	14%	NINSTFI3	.93	5.5	-	559	15%	15%	15%	-1%	
41%	31%	NOCEA	.99	3.3	-	244	17%	15%	17%	+1%	
25%	16%	NOCEA Md	.93	4.3	-	1644	20%	27%	27%	+7%	
29%	22%	NOCE En	1.33	4.8	-	156	30%	22%	32%	+3%	
45%	32%	NOCE In	1.36	1.1	17	515	33%	4%	4%	-	
8%	7%	NOCL	-	-	-	239	4%	4%	4%	-	
17%	9%	NOGLIND	-	-	-	595	10%	10	10%	-	
24%	24%	NOGR	-	-	-	25	40%	35%	35%	-	
11%	8%	NOHDEY	-	-	-	34	510%	11%	11%	+1%	
42%	17%	NOHWOOD	.04	.3	-	203	18%	17%	17%	+1%	
30%	21%	NOICP	1.00	4.5	-	4522	23%	21%	21%	+1%	
20%	15%	NOICEn	n	-	-	3288	14%	14%	14%	-	
27%	18%	NOICEn	n	-	-	1839	10%	10	10%	-	
34%	14%	NOICEn	n	-	-	643	17%	17	17%	+1%	
20%	14%	NOICn	n	-	-	609	13%	12%	12%	+1%	
30%	18%	NOICEn	n	-	-	41	743	19%	18%	+1%	
37%	18%	NOICDpt	-	-	-	2520474	30%	261	28%	+1%	
19%	11%	NOICOfficer	-	-	-	1712457	13%	12%	12%	+1%	
32%	22%	NOICOfficer	1.25	4.9	-	16	1987	25%	25%	+1%	
25%	24%	NOICOfficer	1.11	8.4	7.3	166	25%	25%	25%	+1%	
32%	22%	NOICOfficer	.50	4.0	1.6	17	1842	25%	24%	24%	+1%
51%	31%	NOICIn	1.28	2.0	-	296	25%	25%	25%	+1%	
20%	7%	NOICIn	.16	2.3	-	21	217%	31	31	+1%	
40%	24%	NOICIn	.21	2.7	-	14	247%	24%	24%	+1%	
25%	24%	NOICIn	.21	2.7	-	9	270%	26%	26%	+1%	
19%	11%	NOICIn	2.16	9.1	-	513	13%	12%	12%	+1%	
41%	26%	NOICMC	.08	.2	-	524	33%	33%	33%	+1%	
58%	32%	NOICMC	n	-	-	37	418	57%	54%	+1%	
41%	31%	NOICMB	.85	2.4	2.7	45	58%	32%	31%	+1%	
32%	20%	NOICMB	4.00	1.8	-	145	21%	20%	20%	+1%	
44%	31%	NOICNEK	1.20	3.7	15	554	33%	32%	32%	-1%	
10%	9%	NOICNS	4.88	5.8	-	222	97%	97%	97%	-	
55%	33%	NOICR	2.58	4.5	-	21	146	54%	53%	54%	
8%	4%	NOICo	-	-	-	458	5%	5%	5%	-	
7%	3%	NOICo	-	-	-	885	3%	3%	3%	-	
5%	2%	NOICo	-	-	-	885	3%	3%	3%	-	
20%	18%	NOICo	.56	4.3	-	34	1992	27%	26%	+1%	
29%	19%	NOICo	.56	4.3	-	9	2237	45%	45%	+1%	
59%	39%	NOICo	2.72	12	-	27	1597	16%	16%	-	
24%	15%	NOICo	-	-	-	16	5232	15%	14%	+1%	
17%	10%	NOICo	-	-	-	16	107	12%	12%	+1%	
26%	10%	NOICo	5.5	4.5	-	3046	24%	23%	24%	+1%	
24%	14%	NOICo	4.1	4.1	13	520	13%	14%	14%	-	
19%	10%	NOICo	2.0	1.6	25	1496	12%	12%	12%	-	
49%	29%	NOICo	1.18	1.18	1.18	1711940	39%	38%	38%	-	
55%	47%	NOICo	5.1	5.1	-	1144	47%	46%	46%	-	
44%	27%	NOICo	30	7	33	323	44%	42%	43%	+1%	
38%	26%	NOICo	.80	2.7	11	735	30%	29%	29%	-	

32%	18%	FECO	1.00	3.1	20	4666	v224e	314	3214
26%	25%	PECO	0.7225	8.8	10	104	25%	25%	25%
15%	22%	PG & E Co	1.30	3.9	19	8075	31%	31%	31%
17%	1	PHP			od	1722	21%	21%	21%
85%	54%	MPG Co	.20	1	11	2000	16%	16%	16%
65%	42%	PNC	1.54	2.1	14	5700	45%	45%	45%
25%	21%	PLB Res Co	1.00	1.0	15	1511613	26%	26%	26%
75%	57%	PPG	1.44	2.5	14	3656	38%	37%	37%
25%	24%	PSFC	0.50	1.0	11	162	10%	10%	10%
26%	25%	PING Ctr	2.08	8.0	30	17	22%	25%	25%
15%	74%	POKES	1.00	1.0	9	2118	16%	16%	16%
16%	15%	POKES	1.00	1.0	9	17	1752	16%	15%
28%	13%	POKES	0.65	4.1	23	35	20%	20%	20%
24%	19%	POKES	1.00	1.0	23	35	20%	20%	20%
28%	24%	POKES	1.00	1.0	23	35	20%	25%	25%
27%	20%	PostCo	1.00	4.9	14	4106	22%	21%	21%
53%	24%	PointWeb	0.50	4.0	14	2995	48%	46%	47%
6%	15%	PointWeb	0.50	4.0	9	457	7%	7%	7%
24	10%	PortCo	.42	2.3	29	2843	23%	22%	22%
24	15%	PortCo			16	220	17%	17%	17%
114%	10%	PortCo-Bc	2.4	1.0	17	2112	24%	23%	23%
5%	5%	PortTch			od	126	44%	5%	6%
5%	2%	PortCo			od	201	20%	2%	2%
23%	16%	PortEl	.32	1.9	9	926	17%	16%	17%
17%	4%	PortEl			10	4886	51%	49%	49%
57%	4%	PortEl	0.40	2.0	10	4525	20%	20%	20%
35	28%	PortKey	1.40	5.0	14	210	26%	27%	27%
27%	35%	PorterPer	0.64	2.0	9	255	43%	43%	43%
103%	4%	PortKey	0.4	9	od	237	44%	44%	45%
34%	16%	PortPAH	1.28	8.1	od	5029	16%	15%	15%
21%	9%	PortZ	0.5	1	21	167	9%	9%	9%
77	51%	PhysNet			14	1405	54%	53%	53%
31%	11%	Payment			27	194	15%	15%	15%
50%	24%	Pediatric			25	805	44%	43%	44%
10%	2%	PennTr			86	986	2%	1%	1%
36%	1%	PenCrFn	0.52	1.0	od	26714	4%	3%	3%
81%	9%	PenCo	3.7725	8.0	1983	14	12%	12%	12%
78%	21%	Penney	2.18	1.8	30	4304	59%	57%	58%
26	21%	PenRE	1.88	8.0	13	195	23%	23%	23%
82%	37%	Penrod	1.60	2.3	14	1520	43%	42%	43%
14%	8%	Penrosta n			13	326	9%	9%	9%
46%	33%	Penrosta n			16	299	37%	34%	36%
17%	13%	Penron	0.40	1.7	16	299	37%	34%	36%
39%	23%	Penron	0.30	1.0	12	15	14%	14%	14%
28%	15%	Penroy	1.92	5.5	16	1073	34%	34%	35%
9%	6%	Penroy	1.26	1.5	15	41	1324	17%	16%
17%	9%	Penroy	1.52	1.5	15	404	10%	9%	9%
44%	32%	Penroy	0.52	1.5	od	2658899	15%	34%	34%
79%	55%	Penroy	1.68	1.0	58	17723	66%	64%	64%
24	14%	PersCo's			od	2504	14%	14%	14%
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43%	33%	Pethome	0.12500	2	od	605	39%	39%	39%
42%	32%	PetPb	2.32	7.1	9	199	37%	33%	33%
30%	15%	Petcodes			12	4955	16%	14%	14%
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12%	54%	Phaze	.76	1	56	51573	10%	10%	10%
8%	6%	Pharm			60	40	4%	3%	3%
49%	28%	PharPf	1.08	2.3	65	8406	47%	46%	46%
60%	31%	PharPo	2.000	1.0	9	255	1%	1%	1%
25%	15%	PharPr	0.5601	2.61	26	100	3%	3%	3%
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10%	1%	PharSg			13	1317	2%	1%	1%
20%	1%	PharSLD	1.26	2	12	1462	16%	16%	16%
102%	54%	PharSLD	0.98	1.3	15	5316	74%	72%	72%
17%	15%	PharSLD	0.125	1.0	13	140	15%	16%	16%
52%	41%	PhaSp	1.38	10	15	3046	44%	43%	43%
15%	11%	PhaVh	1.5	13	od	2708	17%	11%	11%
10%	6%	Phamco	2.4	12	18	275	7%	7%	7%
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Month	Last	Stock	Dv	Yld	PE	100s	High	Low	Latest	Chg%
3/1 10%	Pier 1	.12	9	17	1940	134	128	126	125	-1%
1/3 14%	Perseus	.81	13	19	197	193	191	189	187	-1%
1/3 9%	PerSpApt	.50	9	6579	104	10	101	98	95	-3%
1/3 10%	PerSpB	.06	3	12	188	211	21	21	20	-5%
2/2 22%	Perfumes	.74	7	28	661	321	31	31	29	+1%
5/5 27%	Perpetual	2.12	6.9	17	528	311	300	300	298	+1%
4/4 16%	Penton	.05	1277	161	161	161	161	161	161	-1%
2/2 28%	PerSw	1.20	2.8	421	41	42	42	42	42	+1%
2/2 28%	Perfumes	.04	1.0	31	317	354	354	354	354	-1%
5/5 12%	Perfum	.96	7.3	13	137	134	134	134	134	-1%
4/4 16%	PerfNtr	.10	6	4789	174	168	174	168	168	-1%
5/5 37%	PerfPhy	.50	1.7	28	478	545	545	545	545	-1%
2/2 33%	PerfPm	.03	12	17	527	527	527	527	527	-1%
10/10 10%	PerfWor	.10	18	12	518	518	518	518	518	-1%
1/1 4%	Perfume	.24	22	8	518	518	518	518	518	-1%
4/4 9%	PerfWor	.20	20	5	27	477	476	476	476	+1%
4/4 24%	PerfWor	2.16	6.7	45	152	104	98	98	98	-1%
1/1 14%	PerfWor	.16	14	454	454	454	454	454	454	-1%
1/1 7%	PerfWor	.31	25	257	575	566	566	566	566	-1%
9/9 7%	PerfWor	.31	31	125	126	118	118	118	118	-1%
4/4 24%	PerfWor	.22	8.0	80	278	276	276	276	276	-1%
1/1 15%	PerfWor	.12	8	458	151	154	154	154	154	-1%
1/1 10%	PerfWor	.72	2.0	15	453	363	349	349	349	-1%
4/4 21%	PerfWor	.40	1.6	318	374	364	364	364	364	-1%
4/4 26%	PerfWor	.20	32	225	454	434	434	434	434	-1%
7/7 21%	PerfWor	.54	1.7	28	476	545	545	545	545	-1%
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# Herald Tribune SPORTS

WEDNESDAY, AUGUST 26, 1998

## WORLD ROUNDUP

## Brief Reign in Spain

**SOCCER** Antonio Oliveira, the former Portuguese national coach, resigned as coach of Real Betis of Seville on Tuesday after just 23 days in charge.

Oliveira, who led Porto to victory in the Portuguese League and Cup last season, has been criticized over his play in pre-season games.

He was replaced by Vicente Cantatore, a former Chilean national coach. Betis starts its Spanish league season Saturday. (AP)

\* The remaining 51 minutes of an Argentine league match, interrupted by a floodlight failure Sunday, will be played Wednesday in halves of 25 and 26 minutes. Racing of Buenos Aires led local rival Independiente 2-0, when the lights went out in the 35th minute. (Reuters)

## Broncos Top Pack, Again

**FOOTBALL** In Denver, the Broncos beat Green Bay, 34-31, Monday in an exhibition rematch of the Super Bowl. John Elway, the Denver quarterback, was 13-for-22 for 179 yards and a touchdown. Green Bay's Brett Favre was 13-for-23 for 155 yards and a touchdown. (AP)

## New Dodger Stadium?

**BASEBALL** Fox, which owns the Los Angeles Dodgers, is thinking



The Bronco safety Tyrone Braxton running for a touchdown after grabbing a fumble. of tearing down Dodger Stadium and building a new one because cost estimates for a renovation of the 36-year-old park are much higher than expected. (AP)

## Union Makes Pay Case

**BASKETBALL** If the National Basketball Association players union has its way, every player will be paid during the current lockout — except Orlen Polynice.

The union appeal to the NBA arbitrator began Monday in Manhattan and continued Tuesday. The Sacramento Kings put a clause in Polynice's contract specifying that he would not be paid if games were canceled because of a work stoppage. The union argues that the lack of such a clause in every other contract means every other player should be paid. (AP)

## Graf Given High Seed

**TENNIS** The world's two top-ranked players — Pete Sampras and Martina Hingis — were named the top seeds for next week's U.S. Open. With the exception of Steffi Graf, a five-time women's singles champion, the seedings followed the computer rankings. Graf, ranked 38th, is seeded eighth. (AP)



DOWN, BUT NOT OUT — Nicola Boselli of Bologna taking a tumble in Chorzow, Poland, on Tuesday. Bologna beat Ruch Chorzow, 2-0, to win its Intertoto Cup matchup 3-0 overall and qualify for the UEFA Cup.

Jack Starkey/Agence France Presse

## 'Schumi' Reignites Hopes for Ferrari

By Brad Spurgeon  
*International Herald Tribune*

**MONZA**, Italy — Behind the garage during testing last week, Michael Schumacher juggled a soccer ball with his mechanics, while out of sight nearly 10,000 Italian fans waited in the grandstands for a fleeting glance of their idol. When finally "Schumi" appeared at trackside they cheered, honked horns and ignited firecrackers.

Somewhere between the two scenes is the real Schumacher, the undisputed star of Formula One but also a surprisingly down-to-earth and modest man.

After winning the Hungarian Grand Prix last week and coming within seven points of leading the drivers' title with four races left, Schumacher reignited Italian fans' hope that Ferrari may win its first drivers' title since 1979. The race also put the bricklayer's son from Kerpen, Germany, into third place in all-time career victories. He has 32 victories, to 41 for Ayrton Senna and 51 for Alain Prost. No other driver has won so many by the age of 29.

This week Schumacher returns to the track where his Formula One career began in 1991, at Spa-Francorchamps, for the Belgian Grand Prix on Sunday. It is only 100 kilometers (62 miles) from Kerpen, and Schumacher has won the race four times, so he may have a psychological edge over his rival, Mika Hakkinen, even if Hakkinen has a faster car.

Schumacher has a dubious public image. He is the highest-paid driver ever and is seen by many as arrogant, a cheater or a dirty player. Few deny his genius for driving. But once he is out of the car, and his helmet is off, Schumacher is simple, direct and sensitive to what people say about him.

"When I won the race in Hungary, people spoke to me like I'm a god," he said over lunch at Monza last week just a few days after his victory in Budapest on Aug. 16. "I'm still the same human being I was before. I don't take the big blame and I don't take the big compliments. I'm somewhere in the middle."

In the last race of 1997, the title came down to a duel with Jacques Villeneuve at the European Grand Prix. Schumacher attempted to knock Villeneuve's car off the track but he went off himself, losing the title and starting a media

uproar. But whatever his flaws, Schumacher has an uncommon capacity for blocking out the world and concentrating on his work.

"Work" is the wrong word, he said. "It's more 'passion' you have doing these things."

That passion began when he was 4 years old and found an old chassis with plastic wheels in someone's garbage, and his dad put an engine on it. Later the boy turned his hobby into money by breaking in new go-kart engines.

"In any weather conditions, at any time, I was running in other people's

engines," he said. "The most fun was driving in the wet. Because you could spin around, and do 360s."

That is how the greatest wet-driver since Senna developed his talent. It is how he won his first race for Ferrari at the rain-drenched Spanish Grand Prix in 1996, and this year's British Grand Prix at Silverstone, where he beat Hakkinen, who slipped off the soaked track.

"I was basically lucky. I didn't make a mistake, and the other guy did make a mistake," he said. "It's always said that if it rains I'm going to win. It's not really like that."

He made his debut in Formula One as a replacement for another driver on the Jordan team at Spa in 1991. His first victory came a year later, again at Spa in Benetton. At the time, he was 18.

He would cross the finish-line first four more times at Spa. By 1994, Schumacher was the dominant driver in Formula One and the accusations of cheating began. His engineers were accused of putting illegal electronic devices in his car — which was never proved.

Flavio Briatore, the Benetton team manager at the time, brushed off the accusations of phantom electronic devices by saying that the only phantom in the car was Schumacher, with his otherworldly talent.

Then Schumacher ignored a warning flag at Silverstone. At Spa, after driving brilliantly, he was disqualified again. He was also suspended for two races.

"I found out in 1994, with people claiming you're doing illegal things," Schumacher said. "that if they talk long enough people start to believe it."

But he is proud of winning the 1994 title with only 12 races, when other drivers had 16 opportunities to amass points. He added, though, that "There was the tragic situation with Ayrton. I'm not sure I would have won the championship if he had been there." Senna was killed in the San Marino Grand Prix in 1994.

He won it again in 1995. Then he joined Ferrari in 1996 "for the challenge" of breaking the team's title drought. Last month he extended the contract until 2002. But if he wins the title now, what motivation will be left?

"The motivation of having the luxury of not just the best team around you, but as well having the best car," he answered.

"I talked to a lot of the older players

Michael Schumacher relaxing with a soccer ball on Tuesday at the Monza racetrack in Italy.

Associated Press

## At 18, Michael Owen Comes Into His Own

England and Germany Look for Rejuvenation

By Rob Hughes  
*International Herald Tribune*

**L**ONDON — There is a time and place for everything. Michael Owen, the boy whose turbo pace and precise shooting terrorized men at the World Cup, knows that Saint-Etienne on June 30 was his time. He knows his place, too. It is Anfield, home of Liverpool, the club that nurtured his precocious talent and that last week secured the next five years of his labor.

By signing a new contract, worth a reported £7.5 million (\$12.3 million), and by agreeing to some of the myriad

## WORLD SOCCER

endorsements laid at his feet, young Michael has hit the jackpot: financial security for life at the sweet age of 18. He is, so far, a level-headed youth. What drove him into the world's consciousness was the tantalizing Saint-Etienne night when, artfully winning a penalty for England, then hypothetically outwitting Argentina's defenders for the solo goal of the tournament, Owen exploded on the World Cup the way Pele did in 1958.

Owen is reminded, almost daily, that he has some growing up to do, some education to absorb. Staying at home, where his parents treat him no differently from their other children, and staying at Liverpool, where the coaching staff groom players as sensibly as wealth and cult status allow, are good for the boy.

His rise is the stuff of the Beatles. The "Fab Four" were Liverpudians and, while an hour away, he has trained at Anfield long enough to appreciate that Liverpool is a city of warmth and wit, but also of poverty that can face idolatry with envy.

His father, Terry, started at the top in soccer, an apprentice at Everton, also in the city of Liverpool. Terry Owen briefly tasted glory, but settled down-market in the lower leagues. No problem, no shame, just the reality of youth's promise dulled by adult reality.

Michael has lived with it. He is living now with the struggles of Robbie Fowler, the Liverpool scoring sensation before him. Fowler, an even more instinctive goal-scorer than the quicker Owen, might have had the World Cup place had he not suffered a devastating knee injury in February. The injury still sidelines him.

In Fowler's stead, Owen forges a partnership with Karlheinz Riedle, who, again but for injury, might have led Germany's attack. Owen can learn from Riedle. Riedle has experience. Owen has potential, boosted by extraordinary swiftness and tenacious resolve.

There is also, thank goodness, a trace of innocence, of joy.

Last Saturday against Arsenal, just for a moment Owen behaved like a boy. He saw Ray Parlour, a most-competitive opponent, about to tackle. Owen "numbed" him, which is to say he slipped the ball through Parlour's legs. A wide, boyish grin came over Owen's face — and a huge roar of delight from 44,290 spectators.

But players age, strength declines and time and place become the enemy. Few Germans will fondly remember Lyon on July 4. There the mighty German side disintegrated in a three-goal defeat by Croatia.

The ramifications came on Monday. Bertie Vogts, the German national coach whose trust in his players was faith personified, announced eight new caps, and the end of at least that number of renowned international careers.

"I talked to a lot of the older players

## UEFA Might Merge 2 European Cups

The Associated Press

The UEFA Cup and the European Cup Winners Cup will probably merge, UEFA the governing body of European soccer said Tuesday.

The two competitions have suffered a loss of popularity since second-place clubs from the biggest leagues were granted entry to the Champions Cup.

Gerhard Aigner, the UEFA general secretary, made the announcement at the end of a meeting with the heads of European national soccer leagues on the possibility that top clubs might break away to form a European league. The league officials said they opposed the idea.

explain they were not part of my plans," said Vogts. "It was not easy. I've known them for years. But we need to build a new team, and I'll do it, whatever the price."

The price is sourness. Thomas Helmer, the 33-year-old defender, announced his retirement, because he and the coach had different ideas. Nice try, Thomas. After 68 appearances for Germany, mostly under Vogts, he discovers their incompatibility.

Others went more or less quietly. Jürgen Klinsmann, Jürgen Kohler, Stefan Reuter and Olaf Thon acknowledged that their time was up.

Lothar Matthäus, who has made a record 128 appearances for Germany, never says never, but talks of "not standing in the way" of reconstruction of the national team.

Goalkeeper Andreas Kopke and play-

maker Thomas Hassler keep hoping, but their names are missing from the new squad for friendly matches against Malta on Sept. 2 and Romania on Sept. 5. Andreas Möller, who is only 30, asked to have a rest but said his talents would be available.

So, with only Markus Babbel and Oliver Bierhoff left of the team that won the 1996 European Championship, the German cycle turns.

Although both Vogts and his predecessor, Franz Beckenbauer, bemoaned a dearth of young talent, the new squad includes defenders Mustafa Dogan and Marko Rehmer, midfielders Michael Ballack, Stefan Beinlich, Christian Nerlinger and Marco Reich, and strikers Oliver Neuville and Paulo Rink.

To help them, Vogts recalls Jens Nowotny, the likely libero, plus Mario Basler and Jörg Albertz in midfield. And he forgives Steffen Eisenberg, the once-cantankerous rebel whose crude gesture at the 1994 World Cup appeared to end his international prospects.

Few coaches have trusted players for as long as Vogts. Now he has no choice but to learn the trick of staring anew. While he works and waits, this could be the time and place when dear old England at last catches up with the Germans.

For England boasts not only Owen, but such blossoming talents as Sol Campbell, the Neville brothers, David Beckham, Rio Ferdinand, Steve McManaman and Paul Scholes. It never pays to count on the young — but how England yearns to regain supremacy over Germany on the soccer pitch. The last time, and place, is fixed in history: Wembley Stadium, the summer of 1966, when England beat Germany to win the World Cup.

Rob Hughes is the chief sports writer of *The Times of London*.

## SCOREBOARD

## BASEBALL

GREEN		AMERICAN LEAGUE		CENTRAL DIVISION		EAST DIVISION		WEST DIVISION		NATIONAL LEAGUE		CENTRAL DIVISION		EAST DIVISION		WEST DIVISION		NATIONAL LEAGUE		CENTRAL DIVISION		EAST DIVISION		WEST DIVISION		NATIONAL LEAGUE		
W	L	Pct.	GB	W	L	Pct.	GB	W	L	Pct.	GB	W	L	Pct.	GB	W	L	Pct.	GB	W	L	Pct.	GB	W	L	Pct.	GB	
New York	80	.500	502-7	12	1	.500	0	80	60	.500	3-6	0	71	.500	12	1	71	.500	12	1	71	.500	12	1	71	.500	12	1
Boston	76	.52	594	18	1	.52	0	69	61	.531	20	1	67	.52	20	1	67	.52	20	1	67	.52	20	1	67	.52	20	1
Baltimore	66	.55	434	19	1	.55	0	66	55	.563	20	1	65	.545	20	1	65	.545	20	1	65	.545	20	1	65	.545	20	1
Toronto	64	.57	408	21	1	.57																						

## SPORTS

# Home Run on a Pill: Like Steak or Pasta?

**Yankees Brush Off McGwire's Supplement**

By Buster Olney  
New York Times Service

NEW YORK — When Joe Torre played, one of the performance-enhancing tickets was a thick steak. Ten or even five years ago, players filled themselves with pasta, to load up on carbohydrates. And ballplayers of all generations have been liberal users of coffee and nicotine products.

On the face of it, some New York Yankees believe, a parallel can be drawn between these products and an androstenedione, a testosterone-producing pill that Mark McGwire says he has been using for over a year.

Like pasta or steak, the substance can be bought over the counter, and while it has been banned by the National Football League and the International Olympic Committee because it is thought to provide an unfair advantage, there is nothing that bars its use in baseball.

"He's not doing anything illegal," Joe Girardi, the Yankee catcher, said of McGwire, who sat out Monday's main-shortened tie game against Pittsburgh and remains on hold with 53 home runs, eight short of Roger Maris' single-season record.

"He's just doing things to help his body. We do things to help our bodies, take protein. It's a health-conscious sport."

Said Chad Curtis, the Yankee outfielder: "If a guy wants to improve his game and he feels he can get stronger, and a company comes up with a product that's legal and they claim that's going to help him get stronger if he uses it, how can you blame the player for just trying to improve his performance?"

"If the substance is really a bad substance, don't blame the player — blame the company that's putting it out. They're the ones who should do the research on whether it's good or bad. They're claiming it's a good product, and maybe Mark McGwire or Chad Curtis or whoever else isn't educated enough to judge whether it's good or bad."

Curtis and Girardi are two of a majority of Yankee players who use the amino acid powder called creatine, which is considered a muscle-builder and has become increasingly popular among athletes.

McGwire uses it, as does Sammy

Sosa, who with 51 home runs is right behind McGwire in the Maris chase.

But McGwire is the only baseball player who appears to be acknowledging the use of androstenedione, and hard feelings are now emerging.

On Monday, the St. Louis manager, Tony La Russa, said that The Associated Press, which originally reported McGwire's use of androstenedione, should be punished for peering into McGwire's locker and spotting the substance on the top shelf.

He said that the news agency had invaded McGwire's privacy and that he would like to see it barred from the Cardinals' clubhouse, even though he was certain team management would not allow such a step.

"My philosophy is, if you slap me, I slap you back," La Russa said. "And maybe they won't slap me as often."

So far, the disclosure on Friday that McGwire uses androstenedione has not seemed to affect the slugger, who hit home runs on Saturday and Sunday before huge—and appreciative—crowds in Pittsburgh.

But that is not to guarantee that hecklers will not eventually emerge.

In Chicago, where Sosa failed to homer in a 12-3 loss to Houston, one sign in the stands said, "Sammy hits his home runs on Saturday and Sunday before huge—and appreciative—crowds in Pittsburgh."

When asked about McGwire after the game, Sosa, who has often spoken with admiration of the first baseman, had this to say:

"I'm a grown man, and I know what's good and I know what's bad. I cannot be in McGwire's shoes. He has his own life. He knows what to do. I wish people will try to forget about it."

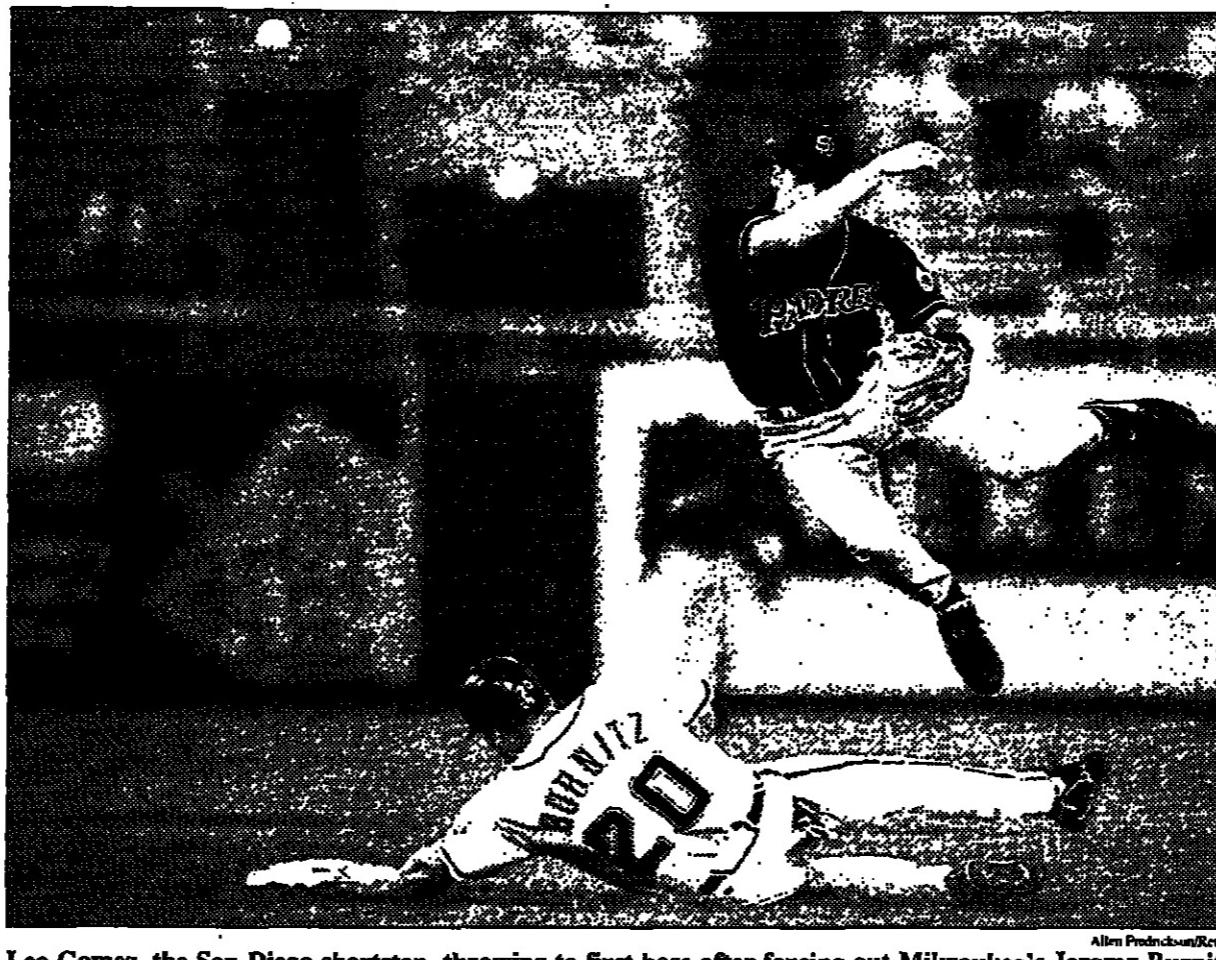
The clear sentiment among baseball people is that fans should instead concentrate on just how difficult a feat faces McGwire and Sosa and just how accomplished both are as hitters.

"They're going to hit them," the Cubs' manager, Jim Riggleman, said Monday of the two players.

"When they're in a groove, they're going to hit them, and there's not too much that's going to help or hurt."

"They're that good."

"McGwire has been hitting home runs from college on. That's why he was a top draft pick."



Leo Gomez, the San Diego shortstop, throwing to first base after forcing out Milwaukee's Jeremy Burnitz.

## Giants No Longshots After Carter Clout

The Associated Press

Thanks to Joe Carter's long ball, the San Francisco Giants are no longer longshots in the National League wild-card race.

"We've still got a ways to go, but it's there for us," the Giants' manager, Dusty Baker, said after Carter's two-run homer helped the Giants beat the Florida Marlins, 7-4, on Monday.

The New York Mets and Chicago Cubs, the two teams ahead of the Giants in the chase for the wildcard playoff spot, both lost. San Francisco is two games behind the Mets, one behind the Cubs.

The Giants and Mets started a three-game series in San Francisco on Tuesday.

Carter rallied San Francisco from a 4-3 deficit when he hit a two-run homer in the eighth and the Giants swept a season series for the first time in their 116-year history. San Francisco finished 9-0

against the Marlins.

Diamondbacks 9, Mets 5 Jay Bell doubled, tripled and homered as Arizona won at New York for the second straight day.

Astros 12, Cubs 3 Moises Alou, Craig

### NL ROUNDUP

Biggio and Carl Everett homered for Houston, which completed a three-game sweep in Chicago, outscoring the Cubs 33-9. Chicago's Sammy Sosa was 2-for-4 with a pair of singles, remaining at 51 homers.

Braves 4, Dodgers 3 In Atlanta, Javy Lopez and Andruw Jones hit back-to-back homers in the eighth as the Braves overcame a 3-0 deficit.

Tom Glavine (17-5) joined teammate Greg Maddux as the National League's only 17-game winners.

Cardinals 5, Pirates 5 The major league home run leader, Mark McGwire (53), took the day off and, as it turned out, the Cardinals and Pirates did, too—at least in the standings. The game in Pittsburgh was rained out in the seventh with the teams tied at 5-5.

Rockies 3, Phillies 1 Todd Helton homered and Bobby Jones snapped a three-game losing streak with six strong innings as Colorado won in Philadelphia.

Padres 7, Brewers 2 Greg Vaughn hit his 43rd home run and Ken Caminiti homered and drove in four runs to lead the Padres at Milwaukee.

Reds 8, Expos 1 Pete Harnisch took a perfect game into the sixth inning and wound up with a three-hitter as Cincinnati completed a three-game sweep in Montreal, extending the Expos' losing streak to five.

Rockies 6, Phillies 1 Todd Helton homered and Bobby Jones snapped a three-game losing streak with six strong innings as Colorado won in Philadelphia.

Padres 7, Brewers 2 Greg Vaughn hit his 43rd home run and Ken Caminiti homered and drove in four runs to lead the Padres at Milwaukee.

It goes on everywhere, you just don't hear about it if no one gets hurt," he said. "Obviously, it went a little bit too far this time. But I'm trying to be a member of this team and I don't want to do anything that gets me in wrong with people."

Cleeland's father, Gene, reached at his home in Sedro Woolley, Washington, said that if the injury was career-threatening, the family would consider a lawsuit.

"Having turned my son over to that organization, I expected them to take care of him," Gene Cleeland said. "From the owner down, they had an obligation and they failed."

He said the hazing was brutal and attributed it in part to Cleeland's being slated as a starter. He also said the players involved were black. Cleeland is white.

"This smacks somewhat of reverse racism," Gene Cleeland said. "I'm speaking as a concerned father, but this is a black, inner-city, gang-like response to life, with the attitude that it will make a man of you. It's like a gang initiation."

"Am I making a value judgment? Yes, I am. Am I a racist? No, I am not, but I do truly understand the attitude of the inner city."

Jeff Danish, a defensive tackle and a rookie free agent from Syracuse, was also injured in the incident when his hand went through a window when he tried to stop himself following the run.

Danish, who was not seriously hurt, was waived by the Saints on Monday.

"In all of my days as a player, assistant coach and coach I have never heard of anything like this," the Saints' coach, Mike Ditka, said on his radio show following the Tennessee game Saturday.

## World Series Has Far East First

By Ed Guzman  
New York Times Service

WILLIAMSPORT, Pennsylvania — When 12-year-old Sayaka Tsuchimura ran onto the field at Howard Lamade Stadium to take her position in center field for Sunday's game against Guadalajara, Mexico, she was also taking her place in history.

Miss Tsuchimura, of Kashima, Japan, became the first girl to play on a Far East team in the Little League World Series.

Miss Tsuchimura is the sixth girl to play in the Little League World Series since 1984, or 10 years after girls became eligible to play in Little League.

"I am very happy to be the first Japanese girl to play Little League," Miss Tsuchimura said through an interpreter after Sunday's 6-1 victory,

in which she went 1 for 2 with two runs scored. "When people found out there was going to be a girl, there was a big commotion."

She singled and scored Monday as Far East cruised to a 10-3 victory against Dharan, Saudi Arabia.

While she is spirited on the field, Miss Tsuchimura is shy and soft-spoken off it, and she may be wondering what all the fuss is about. After all, she has been playing baseball for two and a half years after spending a year as a third baseman and a pitcher for her softball team.

"It wasn't the first time I had faced a girl," said Doug Gorsch, the pitcher on the Saudi Arabian team.

"When I get into the first year of high school, things will change," Miss Tsuchimura said. "I still have two more years where I can keep up the same level of play as the boys."

## Yankees' Nemesis, Angels, Do It Again

By Buster Olney  
New York Times Service

Stadium and caused city officials to close the ballpark temporarily.

Pettitte shut out the Angels for six innings, needing only 67 pitches in the first five, blistering the hands of the

### AL ROUNDUP

Anaheim hitters with his cutter, which runs in on right-handed batters, and maintaining wonderful command of all his pitches.

But his masterly effort splintered in the seventh. Within a span of six hitters, Pettitte gave up five hits and four runs and went from an irresistible to a losing pitcher.

Jack McDowell, the Anaheim starter, ended up with the victory over his former teammates.

The Yankees went at McDowell with unusual aggression, eschewing their typically patient approach and swinging

early and often in the count — perhaps to take advantage of McDowell's fastball, which has diminished. The first time through the lineup Monday night, seven of the nine Yankees had plate appearances of three pitches or less. McDowell allowed no hits and no runs in the first four innings. He gave up just two runs, in the fifth.

In other games, the Associated Press reported:

Rangers 6, Tigers 5 Aaron Sele (15-10) allowed three runs and nine hits in 6½ innings and Will Clark hit a two-run homer.

Mariners 11, White Sox 10 Ken Griffey hit his American League-leading 44th home run as the Mariners completed a four-game sweep in Seattle.

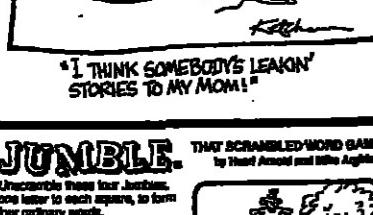
Royals 7, Blue Jays 3 Sal Fasano homered as Kansas City won its fifth straight, the Royals' best streak of the season.

### DENNIS THE MENACE

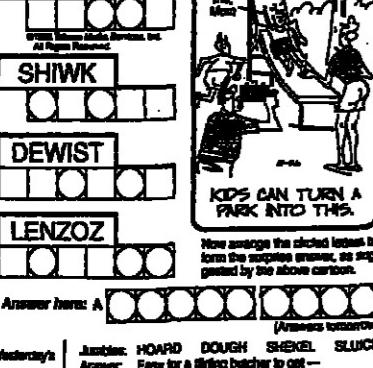
### PEANUTS



### GARFIELD



### BEETLE BAILEY



### BLONDIE



### CALVIN AND HOBBES

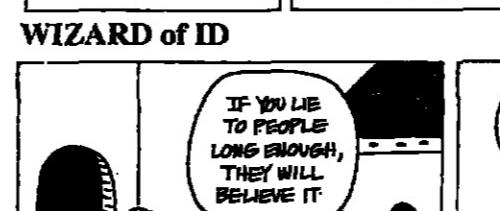


\* \* \* \* \*

I THOUGHT I HEARD HIM... GOSH, MY HEART IS STILL POUNDING. WHERE IS HE???



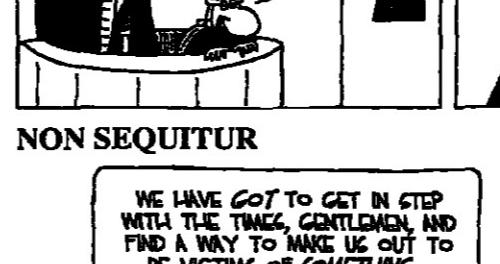
### WIZARD OF ID



I DON'T BELIEVE THAT.



### NON SEQUITUR



YEAH, THINGS ARE GOING GREAT, MOM. WE'RE ONLY LOSING A FEW FRIENDS A MONTH NOW...



### DOONESBURY



AREN'T YOU KIDDING ME? THE ENEMY OF ALL HIS FRIENDS!



### JUMBLE



HOGG, DOUGH, SHEKEL, SLUDGE, THE COLD SHOULDER

THAT'S RIGHT - DAD, DAD, BRAVE!

## Rookie Says He Was Hurt In Hazing at Saints Camp

The Associated Press

NEW ORLEANS — Cam Cleland, a New Orleans Saints' tight end, is still uncertain how badly he was injured in a hazing incident on the last night of training camp.

Cleland, the Saints' second-round draft pick, was one of a number of rookies who had pillow cases put over their heads and were forced to run a gauntlet of veteran players. He was the only one to sustain serious injuries.

"My vision is about the same, blurred, and it hurts a lot," Cleland said Monday.

"I saw a specialist on Sunday and he said there is a sack of detached fluid around the retina that's causing the blurriness."

## OBSERVER

## Too Late for the Clowns

By Russell Baker

**N**EW YORK — "I have been watching the most powerful country on earth making an ass of itself."

Something like this appeared in The London Daily Mirror in 1954, written by a columnist who had been sent over to cover the Army-McCarthy hearings. It's a wonderful lead, stating the facts precisely in one crisp sentence and remaining durable through the ages. It fits the present moment to perfection.

What, for example, could be more exquisitely trivial than the questions we now hear about the president's body language? You noticed, of course, that while walking to a helicopter his hand was held not by Mrs. Clinton, but by his daughter. You know what this means: if it means anything, and whether it means anything or not the media insist that you put down your coffee and ponder it. There may be clues in this hand matter, clues about Mrs. Clinton's emotions.

On the other hand, there may not be clues, but that's important too, isn't it?

Then there is the mystery of the haberdashery signals. That necktie the president wore—it was given to him by Monica Lewinsky. And you know what Sources say: to wit, that by wearing that necktie he may have been communicating a message to Lewinsky. Yes, Sources say that.

So what was he saying that day? Was he sending necktie signals? And why necktie signals? Why not smoke signals? Maybe Lewinsky can't read smoke signals. Maybe Linda Tripp has equipment that lets her tape smoke signals. If so, will the Supreme Court let taped smoke signals

be admitted as evidence?

The real world? Who cares? The fascinating question is not whether we can survive, but whether the president can survive. What do Sources say? I'm not referring to Irv and Madge Sources, who used to provide me with foreign-policy leaks when I covered the State Department, nor to Nick (Unimpeachable) Sources, their son and heir who turned peachable and fled to Brazil to avoid being blackballed at the National Press Club.



Having fled Washington myself to avoid the journalist's daily duty to be solemn about events of absolutely no consequence, I am forbidden to meet the Sources who keep America up to date on presidential bodily fluids and DNA samples, but sources close to the Sources tell me . . .

Well, never mind. On to the murderous Starr-Clinton relationship. After watching Clinton turn his contrition speech into an attack on Starr, people who have followed this governmental burlesque tell me that for the first time they feel sympathy for Starr.

No wonder Starr is hampered with the need to nail this slippery piece of human Jell-O to the wall, they say. The president is like Bugs Bunny forever tormenting Elmer Fudd to the edge of madness. Fudd constantly taunts poor Fudd by insolently demonstrating that Fudd cannot lay a glove on him.

Now, with gall on the heroic scale, Clinton announces that while he may have behaved badly with Lewinsky, it's Starr who is to blame for all the trouble.

Send in the clowns? Don't bother, they're here.

New York Times Service

By Ralph Blumenthal

*New York Times Service*

**N**EW YORK — In 1954, after surviving two African plane crashes and domestic life on safari with his fourth wife, Mary (and just maybe a mysterious tribal bride or two), Ernest Hemingway returned home to Cuba and began work on a long autobiographical novel.

Two years later, interrupted by the filming of "The Old Man and the Sea," he put aside the unfinished 200,000-word manuscript. With Fidel Castro's revolution, he abandoned Cuba and the book; in July 1961, just short of his 62d birthday, he took his life with a shotgun in Idaho.

Now, after a long repose in the limbo of restricted files in the John F. Kennedy Library in Boston, placed there by Mary Hemingway, the book — edited down by half and described as the last unpublished full-length Hemingway work — is being prepared for publication in time for the centennial of the author's birth next July 21.

"This is it, there are no more books," said Charles Scribner 3d, whose family imprint, now part of Simon & Schuster, is bringing out what it calls the fictional memoir, "True at First Light," as edited by Hemingway's middle son, Patrick.

A.E. Hotchner, who related anecdotes from the safari in his 1966 biography, "Papa Hemingway," called the release of the latest work "a big publishing event" but voiced surprise that Hemingway had never mentioned the book to him during many discussions of other projects. "It's a mystery to me," he said.

The plans were disclosed by Daily Variety this month, but the work was not unknown. Scholars inventoried the manuscript in 1969, and in 1971 and 1972 Sports Illustrated serialized a 50,000-word excerpt as Hemingway's "African Journal," part of which was included in a 1974 anthology, "The Enduring Hemingway."

Four other works that Hemingway left in varying stages of completion were previously published, to mixed reviews: "A Moveable Feast," "Islands in the Stream," "The Dangerous Summer" and "The Garden of Eden."

Few would rank these with quasi-autobiographical masterpieces like "A Farewell to Arms" and "The Sun Also Rises," and given the fanatical care Hemingway took with his writing there is some question of how happy he would be to have his reputation and last printed words entrusted solely to any editor, even a son.

Patrick Hemingway said that he was aware of the responsibility and that aside from a few place names he had not changed any of his father's words, although he acknowledged that condensing the book inevitably reshaped it.

For the few who have read it, a mystique has long clung to the sprawling 850-page blend of autobiography and fiction, in part over the character named Debba, an 18-year-old woman from the Wakamba tribe whom the narrator casually takes as a second wife.

Patrick Hemingway, who took part in the safari, says the marriage to Debba is fictional. "Did Ernest Hemingway have such an experience?" he said from his home in Bozeman, Montana. "I can tell you from all I know — and I don't know everything — he did not."

But because Hemingway's adventurous life and his fiction have been so intertwined, the new book is sure to raise questions about how much of the story is literally true. Hemingway was elliptical on the issue. All good books have something in common, he liked to say: "They are true than if they had really happened."

"True at First Light," as edited by Patrick Hemingway selected from the text to suggest the deceptiveness of the senses, is based on Hemingway's second safari to East Africa, in 1953, just as "Green Hills of Africa" was based on his first safari, 20 years earlier.

But on that first safari, Hemingway was accompanied by his second



Ernest and Mary Hemingway in a 1959 photograph.

tirely fictional. In his authoritative 1969 biography, "Ernest Hemingway: A Life Story," Carlo Baker, drawing on Mary Hemingway's diaries, says that toward the end of the 1953 safari Hemingway showed signs of "wanting to go native," telling Mary Hemingway she was "depriving him of his new wife," the Wakamba girl Debba. Mrs. Hemingway, the account goes on, did not take offense, suggesting only that Debba "ought first to have a much needed bath."

Mary Hemingway left the camp for some pre-Christmas shopping in Nairobi, and she returned to find that Hemingway had dyed his jacket and shirts in Masai colors, taken up the spear and invited Debba and some of her friends into the camp, celebrating so energetically that they broke Mrs. Hemingway's bed. Warned of possible trouble from Debba's family, Hemingway returned her to her village, but she was among the people of the tribe invited back for Christmas celebrations, the Baker account concludes.

In "Papa Hemingway," Hotchner says that in Venice in 1954, Hemingway "told us of his startling nuptials," relating that when his wife was away in Nairobi, he had taken an 18-year-old Wakamba bride and "as local custom dictated, inherited her sister," a widow of 17.

The book goes on to report that shortly afterward, Hemingway counted on his fingers and said, "September 11 will have an African son."

Still, Hotchner said, he was more than dubious of any actual marriage, given Hemingway's mischievous streak and love of practical jokes, as when he graphically described making love to the spy Mata Hari, although, it turned out, she was executed by the French the year before he arrived in Italy in 1918.

Patrick Hemingway said furthermore that the manuscript made no mention of the sister-bride, a further sign the story was made up. And no African son of Hemingway has ever emerged.

## PEOPLE

**T**HE mountains and glaciers of New Zealand will be used to portray the Middle Earth of J.R.R. Tolkien's "Lord of the Rings" in a trilogy of films announced Tuesday by the director Peter Jackson. Jackson said shooting would begin next year on the \$130 million project. "I'm a huge admirer of the books and think it could make a great sequence of movies," he said. "Somewhere over the next two years I've got to find those great movies and shoot them." Jackson's previous films include "Heavenly Creatures" and "The Frighteners."



A 53-year-old Englishwoman claims she is John Lennon's half-sister. Birth and adoption certificates of Ingrid Pedersen, printed in the Sun newspaper, appear to show that she was born Victoria Elizabeth Lennon in Liverpool to the late Julia Lennon, John's mother. Lennon's father left his mother when the boy was 3 years old. Pedersen was reportedly the result of Julia Lennon's brief affair with a soldier, and was given

up for adoption. Pedersen, of Charders Ford, England, said she felt free to claim her relationship to Lennon since her adoptive mother died recently. "Now at last I can admit who I am — the little sis John loved but could never find," the Sun quoted her as saying. On Tuesday, the paper quoted Lennon's cousin Stan Parkes as saying: "John didn't know of his sister's existence until 1964 and he did everything in his power to find her."

**P**lot Thickens in Anne Frank Diary Case  
*The Associated Press*

**A**MSTERDAM — An ex-employee of the Anne Frank Foundation who has five missing pages of "The Diary of Anne Frank" says he'll give them back, if fellow Dutch scholars promote his Holocaust research in the United States. Cor Suijk's threats of academic blackmail in a television interview Monday evening upset the Netherlands State Institute for War Documentation, which has hired a lawyer "to find a way out of this," a spokesman said.

Suijk claims that Otto Frank, father of the young Jewish diarist whose account of hiding from the Nazis has become an international best-seller in 55 languages, gave him the pages shortly before his death in 1980. A longtime Anne Frank Foundation employee known to have been a close friend of Frank, Suijk told RTL television Monday that Frank made him promise the pages wouldn't be published until the entire family was dead.

**V**ictoria Adams, is expecting a child with her soccer-star boyfriend, David Beckham, and that Scary Spice, Melanie Brown, and dancer Jimmy Gulzar, are also expecting.

**V**

**T**wenty-four beads that historians say were used to buy Manhattan Island from American Indians are being donated to the Indian Museum of North America at the Crazy Horse Memorial in South Dakota. An anonymous Chicago man and James Gilligan, of New Harmony, Indiana, each donated eight beads. A third person, also a Chicagoan, plans to donate eight more. Historians say the Dutch gave 32 to 40 beads (estimated to be worth \$24) to Indians in 1626 for the island, now part of New York City.



GROOVY GRANNY — Ellen Dow, 82, who plays Disco Dottie in "54," based on New York's Studio 54, arriving for the premiere.



(take in a rock show)

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Italy ..... 1-72-1011  
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